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ABSTRACT

Sponsored by the Tennessee Higher Education Commission (THEC), a statewide coordinating agency for higher education, the Performance Funding Project is a developmental effort now in its fourth year. The purpose of the project is to explore the feasibility of allocating some portion of state funds to public colleges and universities on a performance criterion as compared to an enrollment criterion. Grants from four foundations provide a $555,000 budget for the project. This is a statewide partnership effort involving not only the Commission but the two governing boards and 11 of their campuses. Campus-based pilot projects at 11 institutions have agreed to identify goals reflective of their instructional mission, to identify performance indicators that might associate with those goals, and to acquire data on those indicators. This report describes the project's procedures and its proposed outcome of bridging the gap between public accountability and institutional autonomy. Appended are: a description of the THEC funding formula; lists of national and state advisory panel members; the pilot project contract; pilot project report abstracts; project brochure; and letters from project evaluators. (Author/LBH)

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# The Performance Funding Project

A STATUS REPORT

## TENNESSEE HIGHER EDUCATION COMMISSION

# ALLOCATION OF STATE FUNDS ON A PERFORMANCE CRITERION

## THE PERFORMANCE FUNDING PROJECT

A STATUS REPORT

SUBMITTED TO

THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

THE W. K. KELLOGG FOUNDATION

THE FORD FOUNDATION

BY THE

TENNESSEE HIGHER EDUCATION COMMISSION

SEPTEMBER, 1977

E. GRADY BOGUE, PROJECT DIRECTOR

WILLIAM E. TROUTT, ASSISTANT DIRECTOR

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# I. PROJECT PURPOSE

## THE PROMOTION OF EFFECTIVENESS

The 1967 legislative act creating the Tennessee Higher Education Commission, a statewide coordinating agency, indicated that a major statutory responsibility of the Commission would be "to develop policies and formulae or guidelines for the fair and equitable distribution and use of public funds among the state's institutions of higher learning. . ."

The Performance Funding Project is an attempt by THEC to improve the current appropriations formula in Tennessee. Supported by grants from the Fund for the Improvement of Postsecondary Education, the W. K. Kellogg Foundation, the Ford Foundation, and one foundation desiring to remain anonymous, the project represents a response to criticisms of current enrollment-driven formulae and simultaneously provides an opportunity for Tennessee higher education to demonstrate the effectiveness of instructional performance.

To explore the feasibility of allocating some portion of state funds on a performance criterion is the purpose of the project. A major assumption of the project is that state funding will continue to be primarily on an enrollment basis but that a complementary feature might be built into the formula to promote instructional effectiveness.

Formula Funding - An Overview

In the United States, state funds for public higher education are generally requested and allocated on the basis of an enrollment based model or formula. Linking funds directly to the number of students served -- given their level and field of study -- has become educationally and politically acceptable.

Allocation formulae in most states represent an improvement upon earlier funding approaches that relied primarily on an analysis of "per student" appropriations. These "per student" models were, in turn, improvements over allocation methods that relied heavily on presidential lobbying power.

Objectivity, equity, and simplicity are strengths favoring formula funding. Formula funding has also helped minimize political warfare and open competition among institutions for scarce funds. An appropriations formula provides state officials with a simple and understandable basis for deciding upon institutional appropriations requests. "Equivalent support for equivalent programs" is widely understood as the rationale for a formula approach to funding. Most formulae recognize the number of students enrolled and the mix of educational programs by type and level.

As funding formulae were implemented, however, criticisms began to surface. Prominent criticisms include charges that appropriations formulae:

(1) Tend to impose a leveling effect upon the quality of educational programs. Using average costs for formula instructional rates tends to have a homogenizing effect on institutional diversity. The costs of an exceptional academic offering are averaged out

by the costs of typical offerings of the same course by other state institutions.

(2) Provide no incentive for improved instructional performance. Instructional rates remain the same regardless of instructional performance. Quantity rather than quality is emphasized.

(3) Encourage a displacement of institutional goals. Obtaining more students displaces the goal of serving students. Formulae tend to become ends in themselves.

(4) Tend to utilize a linear approach which fails to recognize both economies of scale and plateaus of fixed or marginal costs. As a result, formulae are great during periods of enrollment growth but not so promising during enrollment declines.

Coupled with these criticisms is the possibility that formula funding is becoming questionable public policy. Hopefully, acceptable public policies reflect societal values. From the late fifties until the early seventies, higher education was growing, and society wanted to encourage this growth. As an acceptable public policy, formula funding reflected society's willingness to support higher education's growth. Today, however, the public no longer sees the growth of higher education as a virtue in itself. As a result, a policy of funding public higher education solely on a growth basis may be viewed as dissonant to the wishes of society -- and perhaps to the wishes of higher education as well.

Like many other states, Tennessee employs an appropriations formula for public higher education that derives major cost projections from a credit hour matrix by level and field of study. Formula guidelines are also provided for general administration, maintenance and operation of

physical plant, student services, and libraries. A description of the current formula is found in Appendix A.

Any alteration in this funding policy must meet certain boundary conditions. Changes to the current allocation formula designed to promote effective performance must:

(1) Be politically acceptable, easily understood and accepted by legislators and members of state government;

(2) Be professionally acceptable, striking the right balance between the need for institutional autonomy and the need for state-level review;

(3) Encourage institutions to exercise initiative in developing performance measures on which they might eventually be funded; and

(4) Recognize differences in institutional role and environment and promote diversity.

Linking Resources and Results - Some Assumptions

Any effort promising to relate money and performance in higher education is one to be engaged with a careful blend of daring and caution. To further expose the base on which the Performance Funding Project has been built, it may prove useful to outline some of the key assumptions which underlie the project. Here are some of the more important ones:

(1) Conventional notions of academic program quality and effectiveness have been based on measures that are input and process dominated. . .

Student Faculty Ratio
Percentage of Faculty with Doctorate
Average Faculty Salary
Number of Library Volumes
Expenditure per FTE Student
Average Aptitude of Entering Students
Peer Ratings

While these measures and indices are of value in describing possible quality of the educational environment, they do not tell us much about outcomes of the educational effort in terms of student growth and development.

(2) There is both professional incentive and external interest (accrediting agencies, legislative and public interest) for more serious effort in the area of performance appraisal -- knowing not only how much we are doing (credit hours and degrees) but how good we are doing (changes in student knowledge, personal and social development, career development).

(3) Reasonably objective performance measures are available or can be developed to permit some assessment of program performance, and even though some of the measures can be considered imperfect and primitive, they offer the possibility of learning more about impact of our effort than asking no questions at all.

(4) The philosophical and technical difficulties associated with using such imperfect measures have thus far precluded a serious breakthrough in educational performance appraisal in higher education. Among the more frequent criticisms are these:

(a) Any operational definition of quality or effectiveness requires first a set of goals and objectives against which performance may be measured and evaluated. Assessment of quality must therefore relate to institutional mission. It is entirely possible for a community college to have a character of excellence quite different from

its comprehensive university neighbor -- and yet appropriate for the state to honor both kinds of excellence.

(b) Second, the assessment of quality and effectiveness requires a methodology not currently well developed. Evaluation is not the same as research. Evaluation implies values, judgments, and decisions on the "goodness" or "worth" of a given performance.

(c) Third, concensus on standards of evaluation is difficult to obtain. A criterion of performance that is broadly comprehensive and acceptable may turn out to be trivial or the least important expression of quality.

(d) Fourth, not all variables contributing to the quality of performance are under institutional control. For example, student employment success is a function not only of the program but of the market. Student motivation and performance are dependent not only on the educational environment but on the social environment as well.

(e) Fifth, while some indicators of program quality and effectiveness have attractive face validity, (e.g., licensing examinations), the possibility of external manipulation of even these criteria does exist so that a larger or smaller number of persons are admitted to practice in a given field. In addition, not all students preparing for a given professional field (e.g., law) will choose to practice in that field.

(f) Sixth, narrow definitions of quality and effectiveness may cause perversions in basic educational processes. If the criterion of effectiveness turns out to be some standardized performance examination, and money is tied to performance, then faculty may be encouraged to focus on this output to the exclusion of other worthwhile educational goals. The educational process may turn out to be very efficient in accomplishing unworthy or narrowly conceived goals.

(g) Seventh, the tendency is to believe that what can be measured is what is important. This inclination ignores the fact that many activities in higher education -- widely accepted as being good and desirable -- may evade quantification and translation into an 80 column punch card. Further some of the more critical outputs of higher education are long range ones.

(h) Eighth, there is the widespread fear of the misuse of data by those not familiar with its limitations. If data on activity such as credit hours and unit costs can be used in uninformed ways, how much more susceptible to such misinterpretation and misuse would be data on quality and performance.

(5) These criticisms leave higher education with the choice of "no measures" of performance versus "imperfect measures." To expend millions of dollars on higher education and say that

we have "no measures" of performance is a risky position to take. Even imperfect measures, wisely chosen, may operationally improve the allocation process.

(6) Further progress in the development of performance measures and educational performance appraisal is not likely to emerge from continued rehearsal of the aforementioned difficulties. Understanding and progress may have to come from harnessing deliberation to "doing."

(7) The presence and promise of significant funding incentive will serve to mobilize the imagination and intelligence of the Tennessee higher education community in attempting pilot projects in the area of performance appraisal and funding.

(8) The experience of such pilot projects may provide useful understandings about the potential for allocating state funds on a performance criterion and the impact of such allocation in promoting and rewarding improvements in performance.

A Postscript

Hopefully, this opening discussion has made clear the origins, purposes, and assumptions for the Performance Funding Project. A major conviction underlying the effort is that expressed in assumption (6) -- the merit of complementing deliberation with action. This conviction has given birth to a project motto which is "Acting on the Possible While Awaiting Perfection." How that action unfolds is found in the next section on procedures.

## II. PROJECT PROCEDURES

### A PARTNERSHIP PLAN

From the inception of the project, project staff has believed that those affected by a potential change in policy, especially one of this complexity, should be architects in shaping that policy change. The procedures now to be described constitute a partnership plan -- a plan flowing from an initial and continuing commitment on the part of THEC, calling on the intelligence and initiative from a variety of persons, and depending heavily upon the investment of campus personnel in Tennessee.

Composed of four phases extending over five years, the Performance Funding Project is now completing its second phase and third year of operation. Here is a description of these major phases of activity.

Phase I - Planning - 1974 to 1976

The purpose of this planning phase was to involve both national and state level personnel in clarifying the conceptual bases of the project, identifying related efforts underway around the nation, outlining a plan for execution of the project, and obtaining financial support necessary to implement that plan.

Initial Planning Year. In 1974-75, the Tennessee Higher Education Commission made the initial commitment to the project. This commitment was expressed in the form of salary and other support for Dr. E. Grady Bogue, then Assistant Vice President for Academic Affairs at Memphis State University. Dr. Bogue was selected as an American Council on Education

Fellow in Academic Administration and arranged to take his fellowship year working with THEC, working with Dr. John Folger, then the Executive Director of THEC.

Dr. Folger asked Dr. Bogue to take as a major assignment the development of the Performance Funding idea. That development took the form of a proposal to the Fund for the Improvement of Postsecondary Education. This proposal was subsequently funded in an amount to reach $165,700. The principal purpose of the FIPSE grant was to underwrite continued planning and execution of the project over a two year period.

Advisory Panels. Also set in motion during this initial planning year were two advisory panels, a state panel and a national panel. Membership on these panels is given in Appendix B. These panels served to guide further planning on the project, to provide counsel to the project staff in bringing the project into fuller form, to test ideas of the staff, to contribute ideas of their own, to maintain a continuing evaluation of the project, and to establish communication links with other higher education interests over the nation. Both of these panels remain active and will remain so until the conclusion of the project.

Appointment of Project Staff. At the end of 1974-75, there were two important personnel changes with THEC. Dr. John Folger moved to a new assignment with the Education Commission of the States. Dr. Wayne Brown, the newly appointed Executive Director of THEC, asked Dr. Bogue to accept appointment as Director of the Performance Funding Project and Acting Associate Director for Academic Affairs, the latter appointment being made permanent a few months later. From the beginning, then, the Performance Funding Project has been integrated into the mainstream of Commission concern.

With the FIPSE grant in hand, Dr. Bogue moved to appoint Mr. William E. Troutt, then at Union University in Jackson, Tennessee, as Assistant Project Director.

Foundation Support. An important activity of the project staff during the 1975-76 year was not only further development of the project idea -- including the commitment to a pilot project approach next to be described -- but seeking additional funding support. Proposals were submitted to three foundations, and all three resulted in grant awards as follows:

| | |
|---|---|
| Foundation desiring to remain anonymous | - $ 75,000 |
| W. K. Kellogg Foundation | - $250,000 |
| The Ford Foundation | - $ 64,400 |

How these funds are being applied will become clearer in the description of the remaining phases of the project.

Phase II - Campus Based Pilot Projects - 1976-77

With the involvement principle previously outlined firmly in mind, the project staff drew guidelines in the spring of 1976 for the possible use of campus based pilot projects.

The purpose of these projects was to encourage institutions to engage in a two-year pilot effort -- the first year calling for development of institution-wide performance goals and associated performance indicators in instruction. The second year called for acquisition of data on these indicators and the exploration of funding policies that might promote and reward performance effectiveness in instruction.

Participating Pilot Institutions. All but two of the 21 public institutions in Tennessee submitted proposals. Following an evaluation of these proposals and a consideration of funding support limits, 11 public colleges and universities -- two doctoral universities, six regional universities, and three community colleges -- were selected to develop pilot projects. They are:

Austin Peay State University
Columbia State Community College
Memphis State University
Shelby State Community College
Tennessee Technological University
University of Tennessee Center for the Health Sciences
University of Tennessee at Chattanooga
University of Tennessee at Knoxville
University of Tennessee at Martin
University of Tennessee at Nashville
Volunteer State Community College

The instrument used to implement these pilot projects was a performance contract involving the institution, its respective governing board, and THEC. A copy of the contract used with each of the 11 institutions is shown in Appendix C.

In addition to these 11 campus based pilot projects, one of the two governing boards for institutions in Tennessee, the University of Tennessee, elected to participate in the pilot efforts by planning and executing a project at the governing board level.

The outcomes from all these projects, at the conclusion of their first year, will be described in Section IV. Support for these 12 projects came entirely from the anonymous foundation and the W. K. Kellogg Foundation.

The Competent College Student. In conjunction with the diversity of goals and indicators emerging from this pilot project activity, some common interests developed early in the year. The most universally held concern

growing out of the question of what constitutes effective instructional performance is a consideration of what constitutes minimum competence for a college degree.

To assist campuses in thinking about this question, the project staff commissioned four distinguished Tennesseans who had served higher education for a number of years to prepare a discussion paper. These authors were:

Dr. Harvie Branscomb, Chancellor Emeritus, Vanderbilt University
Dr. Herman Spivey, Vice President Emeritus, The University of Tennessee
Dr. John Richardson, Graduate Dean Emeritus, Memphis State University
Dr. Ohmer Milton, Director, Learning Research Center, The University of Tennessee, Knoxville.

The Ford Foundation grant made it possible for the Commission to support their efforts. The resulting document, entitled The Competent College Student, describes certain minimal achievements which should be expected of college students as well as ideal outcomes that might be derived from a college education. The Competent College Student was not designed as a statewide policy statement, but to encourage faculty to develop their own statements of minimal essential skills and understandings common for all degree holders.

The four authors presented the document at a Commission sponsored forum in February, 1977, attended by faculty members, administrators, and public officials from across the state. Subsequently over three thousand copies of The Competent College Student have been distributed to interested individuals across Tennessee and the nation as well.

Faculty at two institutions -- Columbia State Community College and Middle Tennessee State University -- expressed an interest in accepting the challenge offered by the authors of The Competent College Student to develop their own statement of minimal achievements expected of all degree holders. With Ford Foundation support, the Commission is thus supporting two additional

pilot efforts during the 1977-78 year. The purposes of these two pilot efforts at Middle Tennessee State University and Columbia State Community College are to (1) develop goals and indicators for assuring minimal instructional outcomes and (2) engage in pilot assessment of these goals. The work of these two projects will greatly enrich the array of goals and indicators developed by the previously described pilot projects. These two pilot projects also were arranged on the basis of a performance contract similar to that found in Appendix C.

For this particular effort, acknowledgement should be made of both the conceptual and administrative leadership of Dr. John Harris. Dr. Harris was, for 18 months, a member of the THEC staff and the Performance Funding Project staff. In the summer of 1977, he accepted appointment as full professor at Middle Tennessee State University, leaving behind a significant expression of his leadership and an important contribution to the Performance Funding Project.

Governing Board Liaison. As previously mentioned, all public institutions in Tennessee are governed by two boards -- the University of Tennessee Trustees and the Board of Regents for state universities and community colleges. Important during the 1976-77 year was the identification of two professionals from each of the two governing board staffs to serve as liaison in execution of all pilot projects. These two professionals are:

Dr. Robert Levy, Executive Assistant to the Vice President for Academic Affairs, The University of Tennessee

Dr. Milton Phillips, Director of Public Service and Continuing Education, State Board of Regents.

These two officers have given exemplary leadership in working with THEC staff and have aided immeasurably in the progress of the entire project.

Evaluation Team. Acting on the counsel of the National Advisory Panel, which met in Nashville in early fall of 1975, the project staff also moved to appoint an external evaluation panel of two nationally known professionals in higher education. They are:

Dr. Fred Harcleroad, Director, Center for Higher Education, University of Arizona

Dr. Cameron Fincher, Director, Institute of Higher Education, University of Georgia.

More of their role and contribution will be described in Section V.

Phase III - Pilot Project Completion/Funding Policy Development - 1977-78

The purposes of this third phase are to acquire data on the institutional performance indicators identified by the campus-based pilot projects in Phase II and to explore simultaneously the most promising performance funding options. It is expected that the two activities will be complementary, that the experience of the pilot activity and the contributions of the pilot project directors and two advisory panels will be important inputs to this phase.

Phase IV - Funding Policy Implementation/Project Communication - 1978-79

The purposes of this final phase are to move the most promising funding policy into the mainstream of the funding process in Tennessee and to communicate the results of the project statewide and nationally. Vehicles for the latter will include a final project publication -- monograph or book -- and a national invitational conference.

Funds from the W. K. Kellogg Foundation and the Ford Foundation are expected to underwrite these closing phases. In addition, the Commission, having made the initial financial commitment to project planning in 1974-75, will provide staff support from its budget in these two closing phases.

## III. PROJECT OUTCOMES

## BRIDGING THE GAP BETWEEN PUBLIC ACCOUNTABILITY AND INSTITUTIONAL AUTONOMY

The previous description of project procedures anticipates some of the project outcomes to date. These outcomes include (1) Goal and Indicator Profiles from the pilot projects and (2) Selected Project Publications. A third category of outcomes are the "lessons learned" from the work thus far. These are found in Section V on Project Evaluation.

### Goals and Indicators from Pilot Projects

As previously outlined, each of the 11 campus based pilot projects contracted during the first year to produce (1) a set of institution-wide instructional goals, (2) a set of corresponding performance indicators, and (3) a report on how these goals and indicators were developed.

In keeping with the spirit of the project, each pilot project was given complete latitude in developing goals and indicators. THEC project staff involvement was limited to arranging statewide seminars for the project directors on topics of mutual concern -- goal setting, assessment instruments and techniques, etc.; providing individual consultation when requested, helping bring appropriate resource persons to individual campuses, encouraging project directors in travel and other exploratory ventures, and serving as a clearinghouse for relevant literature on goal setting, indicator development, and assessment.

The major product of this third year of the Performance Funding Project, and concluding the second phase, are the goals and indicators developed by each of the pilot projects. Taken from end-of-year reports filed by each project are the profiles found in Appendix D. From several perspectives, these profiles represent noteworthy accomplishment.

First, it may be observed that much attention has focused in recent years on "indicators" and "outcomes" for higher education. However, much of that developmental work has centered in national level agencies -- the National Center for Higher Education Management Systems for example. The work of this and other agencies represents a seminal contribution. But the acceptability of that work to the campus community remains a question mark. Many campus observors have seen such centrally developed indicators as a continuation of the "leveling" and "meddling" influence that began with the emergence of statewide systems and agencies, and associated statewide funding formulae.

From the profiles presented in Appendix D, however, it is clear that many projects have taken advantage of good work already completed, a pleasant recognition of the conceptual work completed by such agencies as NCHEMS, and the various testing agencies such as ETS and ACT. Found in the array of campus indicators is a pleasing distribution of "off-the-shelf", or readily available, instruments and indicators and those developed at the campus level. Thus, campus projects have for the most part avoided "reinventing the indicator wheel."

Second, these goal and indicator profiles clearly provide an operational expression of institutional diversity. While many of the institutional goals can be seen as having common character, the indicators chosen represent

differences in institutional choice as to what measures best represent an institution's public performance on those goals.

Third, the selection of indicators reveals the willingness of campuses to risk. Note should be taken of planned participation in at least two experimental ventures -- the College Outcome Measures Project being developed at ACT and the General Education Outcome Project being developed by ETS. These alliances are even more pleasing when note is taken of the fact that both of these later efforts were sponsored by FIPSE. In sum, there is good linking of this project with other related efforts.

Finally, the project presents the possibility of bridging the gap between public accountability and institutional/faculty autonomy. While institutional faculties grow uneasy with the increasing interest of external agencies -- state level higher education agencies, state government officials, and legislators -- in the affairs of campuses -- that public interest in higher education accountability continues undiminished. The goals and indicators developed by the various pilot projects clearly demonstrate that institutions can satisfy public accountability concerns and simultaneously maintain a proper expression of diversity in how that is done.

Selected Project Publications

Three monographs have been prepared during the last year and are transmitted as separate documents with this report to each of the funding sponsors. Each of these documents is available upon request from the Commission.

Competent College Student. This monograph was described in the procedures section. Over three thousand copies have already been distributed and other requests continue to be received. This particular monograph flowed directly from the Ford Foundation support of the project, as do the two pilot projects now in the contract stage described earlier.

Models for Evaluation in Higher Education. This paper was prepared as a support document for pilot project directors and was distributed to them early in the project year 1976-77. It summarized major literature and concepts in the fields of goal setting and indicator development, with bibliography pointing the way to more intensive resources on these and other evaluation and measurement topics.

Case Studies in Performance Funding. Leading the way into the coming year of the project is a monograph distributed at the conclusion of the 1976-77 year. This monograph is a little "blue sky" publication designed to provoke thinking during the coming year about performance funding policies that might be a good combination of conceptual strength and practical possibility. These ideas are embedded in case study description of five hypothetical institutions.

Whether the activity should be described under "procedure" or "outcomes" may be debated. However, the project staff has been active in trying to give the project positive visibility over the past few months. One expression of this has been the preparation of a brochure which describes the project in brief. A copy of this is transmitted in Appendix E.

In addition, members of the project staff have made the following professional presentations, and copies of these papers are available.

(1) Measuring Institutional Performance at the State Level, A Presentation to the Thirty-First National Conference on Higher Education, AAHE, Chicago, March, 1976, E. Grady Bogue.

(2) Allocating Funds on a Performance Effectiveness Criterion, A Presentation to the Tennessee College Association, Nashville, April, 1976, E. Grady Bogue.

(3) Linking Finance and Performance in Higher Education, A Presentation to a Conference on Effectiveness and Efficiency in Educational Organizations, Sponsored by Institute for Educational Finance, University of Florida and Austin Peay State University, Nashville, November, 1976, E. Grady Bogue.

(4) Allocation of State Funds on a Performance Criterion: Acting on the Possible While Awaiting Perfection, A Contributed Paper to the 1977 Association for Institutional Research Forum, Montreal, Canada, May, 1977, E. Grady Bogue and William E. Troutt.

In addition to these presentations by members of the project staff, a presentation on the project was made by Dr. Wayne Brown, Executive Director of THEC, at the 1977 summer meeting of State Higher Education Executive Officers in Big Sky, Montana. In addition to these more formal presentations, Dr. Brown makes effective use of informal contact with state legislators and state government officials to keep the project continually visible. These contacts will prove essential as the project enters the next two phases -- calling for the development and implementation of funding policy.

Other outcomes can be found in the lessons learned to date. A consideration of these awaits in the next section on Project Evaluation.

## IV. PROJECT EVALUATION

### A MODEST STIMULUS WITH A BIG RESPONSE

Throughout the project, the staff has attempted to maintain careful attention to both goals and implementation strategies, flexing on both direction and process when that seemed good to do and maintaining a steadfast posture when that seemed right.

One form of evaluation flows from "lessons learned" and "promising findings." These constitute a useful outcome and form a basis for opening discussion on project evaluation.

Lessons Learned

During the first year of pilot project activity, a number of lessons have been learned in exploring the feasibility of funding institutions on the basis of performance.

Lesson #1. Performance funding is a difficult concept to communicate. It has been misinterpreted in a variety of ways. The idea behind performance funding is to allocate funds after an institution makes an investment and provides data on instructional performance. This idea has often been twisted to mean advance funding of innovative instructional approaches or a grant pool to support special instructional developments.

Lesson #2. If the Performance Funding concept is not misinterpreted -- that is, if folks understand that funds are meant to flow after performance is demonstrated and not before -- then a second lesson follows. That lesson is that campus personnel are concerned about a "rich-get-richer" and

"poor-get-poorer" possibility -- the idea that the "big" campus already rich in resources will win out over the "smaller" campus in any performance competition. While this constitutes a major conceptual challenge, and a political one as well, in the design of a performance funding policy, the performance record of the pilot projects thus far encourages us in the solution to this problem. Among the better projects this first year were those completed by community colleges.

Lesson #3. The possibility of statewide indicators of institutional performance is an anthema to campus personnel. Early in the project the possibility of developing a set of statewide indicators that all institutions could be assessed against was discussed. One campus administrator pointed out, though, that statewide indicators of performance "average out" institutional identity just as the current formula supposedly does, since every institution would be assessed by a common standard.

Lesson #4. While campuses are reluctant to consider statewide performance indicators, they are equally suspicious of campus-based indicators. This suspicion grows partly out of a concern that campus-developed indicators will not be equally rigorous across institutions. One faculty committee working on the Performance Funding Project asked why they should develop rigorous instructional goals when another institution might select a "straw-man" approach to goal setting and be reqarded more for less achievement. Suspicion also grows out of a concern that one department or college be singled out as solely responsible for certain instructional goals or outcomes, e.g., English department for communication competencies, philosophy department for critical thinking competencies.

Lesson #5. Faculty and administrators are concerned about the unintended outcomes of a funding policy that would include performance criteria. The possibility of punitive funding, i.e., receiving less than one would on an enrollment basis because of poor performance, is a concern that continues to be expressed.

Lesson #6. Getting faculty to think in terms of institutional-wide goals and indicators is difficult. Individuals speak with ease about departmental goals and indicators but arriving at goals and indicators that cut across departmental lines is another matter.

Lesson #7. Our desire for institutional-wide instructional performance measures is running a little in advance of the technical capability of the assessment community. Several developmental efforts, however, by the American College Testing Program and the Educational Testing Service look promising.

Lesson #8. An idea known by scholars of change but one whose meaning is understood afresh by project staff, and perhaps many project participants, is that initial anxiety or even hostility to an idea may -- if tended with care and some tenacity -- turn over time into active allegiance.

Promising Findings

Coupled with some difficult and sometimes painful lessons learned during the past year have been some promising and encouraging findings.

Promising Finding #1. A great deal can be accomplished for relatively few dollars. For less than one hundred and fifty thousand dollars this year, 11 institutions have undertaken a serious look at their instructional goals and effects on students.

Promising Finding #2. Faculties across Tennessee are very concerned about instructional performance. They sense that funding solely in terms of number of students served encourages prostitution of academic standards.

Promising Finding #3. Addressing the question of what constitutes effective instructional performance has led to a serious consideration of what constitutes minimum competence for a college degree. This became the focal point of a statewide forum, sponsored by the Ford Foundation, on minimal, essential skills and understandings that all college students ought to possess.

Promising Finding #4. The Performance Funding Project is causing hundreds of faculty members and administrators to take a serious look at the effect they are having on students.

Promising Finding #5. A number of solutions have been found to questions that plagued the project in its initial stages. For instance, how can you have equal rigor in the assessment of achievement of goals when goals and performance indicators differ from campus to campus? One possibility would be to have a board of visitors provide an assessment of each institution's performance against its set of individually developed instructional goals. This assessment could, in turn, be translated into a factor to be used in allocating some portion of the state allocation.

Promising Finding #6. While some common goals emerged from pilot project activity, sets of goals and indicators are for the most part unique at each institution. This supports a basic assumption of the project -- that public policy can recognize and promote institutional diversity.

Promising Finding #7. Quite apart from any long range positive impact on funding, this project has already produced a useful spinoff benefit as a developmental instrument for pilot project directors and many staff and faculty that work with them. Enthusiasm continues to build as campus personnel invest their energy and their thinking in the project; as they make the project their own campus creation; and as they take pride in the potential of being on the cutting edge of a new development that should have beneficial impact for their campus, the state, and higher education in general.

External Evaluation

On the recommendation of the National Advisory Panel, the project staff appointed in 1976-77 two external evaluators to work with the project. Selected were. . .

(1) Dr. Fred Harcleroad - former president of California State College at Hayward, former president of the American College Testing Company and now Director of the Center for Higher Education at the University of Arizona. Dr. Harcleroad is nationally known for his administrative experience and his writings on a variety of topics, especially in the fields of educational auditing and accreditation.

(2) Dr. Cameron Fincher - Director of the Institute for Higher Education at the University of Georgia. Dr. Fincher is also nationally known for his scholarly writings and presentations in the field of higher education policy and educational assessment.

Challenged to provide both formative and summative inputs to the project, these two men visited in Tennessee three times during 1976-77. They first met with the project staff and all pilot project directors in an opening seminar, October, 1976. They returned in February, 1977, to assist in the evaluation of mid-year project reports. And they made separate final visits in May and July to each of the campus projects, making

suggestions as campuses neared the end of their first year of pilot activity. Finally, each reviewed the end-of-year reports submitted by each pilot project institution. An assessment of the project is provided by letters found in Appendix F.

One of the comments that the project staff was pleased to hear from both of these evaluators is that THEC was getting a lot of effort from a little money. The staff believes this observation to be true and takes pleasure in the initiative and energy of campus colleagues from which the finding flows. Dr. Harcleroad and Dr. Fincher will continue in their role as external evaluators during the coming year of the project.

A Postscript - Commitment and Caution

In closing this section on evaluation, additional candid observations are in order concerning both the campus based pilot projects and the project as a whole. A judicious mix of commitment and caution seems appropriate.

The staff optimism for long range productive outcomes of the Performance Funding Project increases each day. Such optimism is warranted by the splendid outcomes to date. This optimism is also far easier to maintain than in the early days of the project, when there was an expected and healthy cynicism concerning the idea and potential of the project.

This optimism should not obscure, however, recognition of major problems that have emerged thus far -- many outlined in "lessons learned" -- and that will continue to occur. While the general outcome of the campus based pilot projects was overwhelmingly pleasing, the profiles of Appendix D, and the end-of-year reports from which they were taken, obviously represent varying levels of investment and achievement.

Each of these project reports was reviewed and evaluated by the project staff and the two external evaluators, Dr. Harcleroad and Dr. Fincher. Letters to campus executive officers and program directors commenting on the pilot projects reflected a differential assessment of project strengths and disappointments. The mixed progress of the campus based pilot projects is a proper price to pay for faith in campus based initiative -- especially when the overall level of progress was so commendable.

As for the project as a whole, the next year offers a major conceptual and political challenge in the design of a performance funding policy that will meet all the boundary conditions earlier outlined -- especially the conditions of both educational and political acceptability. No one who understands the complex history of funding policy in higher education could be overly sanguine about the potential success of an effort with this complexity.

Achievement to date, however, is encouraging on every front. Interest and pride in the project grows each day. There are good funding policy ideas already in circulation and others will emerge. THEC project staff believes these ideas and the positive momentum of the project will coincide with a readiness for policy change.

It is now time to comment on what plans have been laid to encourage and assure a positive outcome of the project.

## V. PROJECT FUTURE

## A VENTURE IN PUBLIC SECTOR FINANCE

The coming year will bring new responsibilities for both the THEC project staff and campus pilot project directors. The project staff will continue to support pilot project directors through periodic statewide meetings and individual consultation. Some staff time will also be devoted to further analysis of first-year pilot project products. Plans call for the development of a model framework presenting a composite of indicators developed by the 11 campus pilot projects. The framework will be based on (1) types of institutions and programs, (2) types of students served, and (3) types of institutional goals. This framework should highlight the importance of indicators of instructional effectiveness being developed locally and provide background data as the staff begins to address the question of funding institutions for performance on those indicators. This funding question will occupy a great deal of staff attention during the coming year.

Some staff time has already been invested in thinking about translating pilot project results into funding policy. A recent project publication, Case Studies in Performance Funding, offers some preliminary thinking on how funding for performance might be developed.

Finding an appropriate mechanism for altering funding policy will receive widespread attention. Both the Statewide Advisory Committee and the National Advisory Panel of the Performance Funding Project will actively address

this question. Involved in the project since its inception, both groups are composed of experienced higher education professionals whose perspective will be a great asset in addressing this question. Each pilot project director will also be investigating possible funding options and exploring them with a faculty committee.

The primary responsibility of most pilot project directors will be collecting data on the indicators identified during the first pilot project year. Directors of the two recently initiated pilot projects sponsored by the Ford Foundation have a slightly different role. Their responsibilities include (1) producing a document describing in assessable terms the minimal achievements expected of any graduate regardless of career goal or curricular emphasis, (2) developing a procedure for assessing those student proficiencies, and (3) piloting that assessment procedure on a representative sample of graduating students.

Next year's activities will culminate in a national conference on performance funding at the end of the project year or in the fall of 1978. The conference will be designed to disseminate project findings. Principals in the conference will include the project staff, pilot project directors, and selected members of the National Advisory Panel and the Statewide Advisory Committee. Invitations will go to individuals actively addressing the question of funding on the basis of performance. The conference will bring together representatives from institutions, coordinating agencies, governing boards, as well as from legislative and executive branches of state government.

A final outcome of the project will be a publication describing the Performance Funding Project. In addition to reporting the funding policy recommendation of the project, the publication will describe the processes involved in reaching this funding policy recommendation. A detailed analysis of each pilot project will be provided including information on the utility of specific indicators of educational effectiveness. This publication will be distributed widely across the country to institutions, governing boards, coordinating agencies, and appropriate officials in state government.

Though directed at the question of allocating state funds on a performance criterion in higher education, the project staff also believe that the concept of this project may have implications beyond higher education -- that in many ways it is a larger venture in public sector finance.

In many ways project outcomes to date justify the financial commitment of project supporters and the investment of the many fine staff and faculty of Tennessee colleges and universities. But this initial willing to risk and to invest in the project offers the potential for more exciting outcomes yet to emerge.

# APPENDIX A

## DESCRIPTION OF THE THEC FUNDING FORMULA



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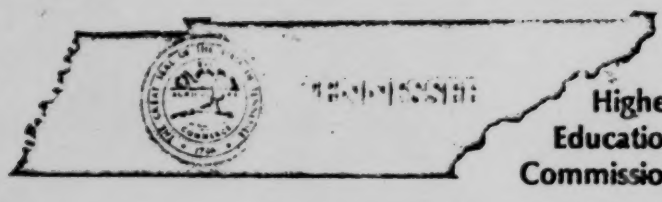


Higher
Education
Commission

# FY 1978
# APPROPRIATIONS FORMULA

The legislation which created the Higher Education Commission in 1967 set forth several responsibilities, including a continuing study of the use of public funds for higher education. Closely related to that study is the development by the Commission of policies and formulae for the equitable distribution of those funds.

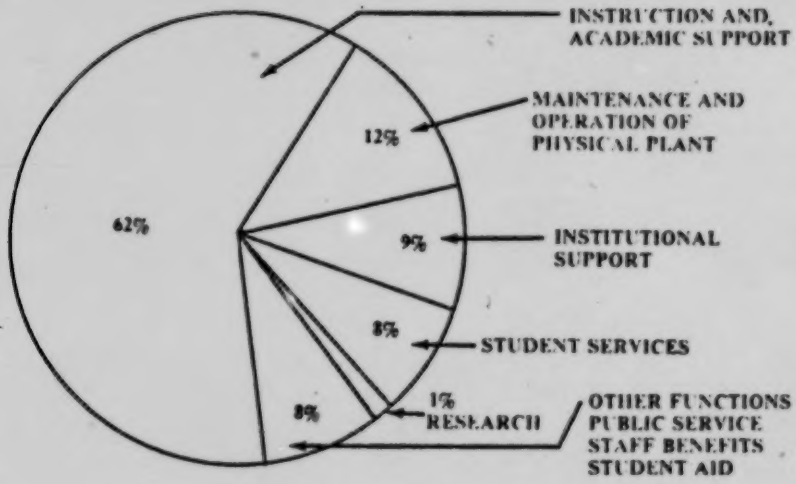
Several years of effort and experience have been devoted to developing a fair and equitable formula, and the present one represents the joint efforts of the THEC staff, representatives from the State's colleges and universities, and members of the Board of Regents and the University of Tennessee systems.

Each year, the formula has been revised in accordance with new information or methods, and is continually evaluated by a Formula Revision Committee composed of THEC staff and representatives from the institutions. This continuous evaluation represents concerted efforts to develop more equitable means of distributing State funds to public higher education.

The formula process focuses upon allocation of equal dollars to all institutions for conducting the same types of activities, but does not assess the quality of those activities. The process measures costs and needs for funds at the individual program level, but does not measure the effectiveness of offerings or outcome of programs. (In response to concerns about effectiveness, the Commission, in cooperation with campus and governing board staffs, is currently engaged in a study of performance-based models for funding, which has been funded at a substantial level by Federal, private, and foundation funds.)

Expenditures and revenues, the two parts of the current formula, relate only to unrestricted monies. (Restricted funds such as federal research grants or other gifts and grants are not included.)

The formula generates expenditure requirements for each institution, while revenues are projected for each from sources other than State appropriations. Revenues from areas such as tuition and interest income are subtracted from expenditures, and the difference thus derived comprises the request for State appropriations.




## PART ONE: EXPENDITURES

Each institution categorizes its expenditures by using established accounting standards according to the purpose or function for which the funds are spent. Formula analysis of expenditures focuses on these functional classifications and utilizes factors which measure expenditure requirements for each specific category. These are: (1) Instruction and Academic Support; (2) Maintenance and Operation of Physical Plant; (3) Institutional Support; (4) Student Services; (5) Research; and (6) Other Functions (Public Service, Staff Benefits and Student Aid).

### 1. INSTRUCTION AND ACADEMIC SUPPORT

A majority of institutional expenditures (62%) is in the Instruction and Academic Support categories. Included are: (a) faculty and clerical salaries, office expense and equipment, and other expenses for the instructional departments; (b) libraries; (c) academic administration; and (d) other instructional support activities, such as demonstration schools and farms which support the instructional program.

**A.** The formula approach for the instructional departments recommends equal dollars to each institution for student credit hours in various academic programs and levels. Cost studies which have been completed biennially since 1969-70 have produced actual statewide average costs per student credit hour by academic program and level. Thirty academic programs, defined by the U. S. Office of Education, are used. Four levels are utilized: freshman-sophomore; junior-senior; master's/professional (law); and doctoral.

be used for FY 76. Each institution projects student credit hours by level and academic area, and these rates are then used to generate instructional expenditures for the departments. All institutions use the same rates, such as the $14.01 rate for each student credit hour of freshman-sophomore mathematics. Rates also have been developed for summer terms, and additional allowances are made for new academic programs approved by the THEC.

TABLE 1
INSTRUCTIONAL DEPARTMENTS
APPROPRIATIONS REQUEST RATES BY
ACADEMIC AREA AND LEVEL
(Quarterly Rates)

| Academic Areas | Fresh.-Soph. | Junior-Senior | Master's Professional | Doctoral |
|---|---|---|---|---|
| Agriculture | $14.46 | $22.56 | $ 55.09 | $112.32 |
| Architecture | 16.96 | 35.34 | 94.82 | ..... |
| Area Studies | 26.55 | 23.86 | 54.83 | ..... |
| Biological Science | 16.86 | 30.71 | 82.76 | 191.99 |
| Business & Management | 12.21 | 17.37 | 38.49 | 177.66 |
| Communications | 18.87 | 30.16 | 74.77 | 152.51 |
| Computer Sciences | 14.46 | 26.19 | 49.95 | ..... |
| Education | 18.40 | 26.99 | 38.35 | 90.24 |
| Engineering | 30.72 | 47.28 | 112.01 | 248.91 |
| Fine & Applied Arts | 24.05 | 37.47 | 82.26 | ..... |
| Foreign Languages | 20.43 | 52.95 | 99.84 | 225.12 |
| Health Professions | 11.78 | 33.14 | 44.03 | 222.19 |
| Home Economics | 13.64 | 24.31 | 51.68 | 78.43 |
| Law | ..... | ..... | 31.99 | ..... |
| Letters | 13.84 | 24.97 | 61.86 | 108.78 |
| Library Science | 6.47 | 30.28 | 66.93 | ..... |
| Mathematics | 14.01 | 29.72 | 69.15 | 151.97 |
| Military Science | 11.59 | 13.33 | 7.78 | ..... |
| Physical Sciences | 19.61 | 35.93 | 106.36 | 209.27 |
| Psychology | 8.77 | 16.60 | 41.73 | 74.61 |
| Public Affairs & Serv. | 10.88 | 16.14 | 63.58 | ..... |
| Social Sciences | 11.52 | 21.91 | 57.33 | 147.76 |
| Interdisciplinary | 14.42 | 51.47 | 54.83 | ..... |
| Industrial Technology | 25.75 | 38.97 | 102.97 | 83.66 |
| Bus. & Commerce Tech. | 13.77 | ..... | ..... | ..... |
| Data Processing Tech. | 46.63 | ..... | ..... | ..... |
| Health Ser. & Paramed. | 45.14 | ..... | ..... | ..... |
| Mech. & Engr. Tech. | 28.11 | ..... | ..... | ..... |
| Natural Sciences Tech. | 23.70 | ..... | ..... | ..... |
| Public Service Tech. | 10.87 | ..... | ..... | ..... |



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analyzed, and expenditures are related to level of instruction. For example, library costs required for the junior-senior level are about twice as great as those for the freshman-sophomore level. Costs for the master's level are five times as great; for professional level law, the rate is six times as large; and at the doctoral level it is eight times as large. Actual statewide expenditures in the libraries category were used to establish rates for each level shown in Table 2, and each institution receives the same dollars for each student credit hour at the same level. For example, the formula allocates $1.27 in library expenditures for each freshman-sophomore student credit hour at each institution.

TABLE 2
LIBRARY RATES
(Quarterly Rates)

| | |
|---|---|
| Freshman-Sophomore | $1.27 per student credit hour. |
| Junior-Senior | $2.53 per student credit hour. |
| Master's | $6.33 per student credit hour. |
| Law | $7.60 per student credit hour. |
| Doctoral | $10.13 per student credit hour. |

An additional inflation percentage for acquisitions is allowed to offset increasing costs in this area.

C. For academic administration and computer services, the universities receive an amount equal to eight percent of the total formula-generated instructional expenditures.

D. Expenditures for other instructional support activities such as farms are evaluated individually.

## 2. MAINTENANCE AND OPERATION OF PHYSICAL PLANT

Maintenance and operation of physical plant, which includes repair services, utilities, security, custodial services, and grounds work, is the second largest institutional expenditure and comprises 12 percent of the total. Formula expenditures for utilities are generated by each campus, based on information regarding actual usage and expected rate increases. All other expenditures in Maintenance and Operation of Physical Plant are based on the number of square feet in educational buildings. Accordingly, the formula distributes equal dollar amounts for each square foot of educational and general space, excluding dormitories and auxiliary space. Statewide expenditures, excluding utilities, was divided by the educational and general square footage for all institutions, which produced an average rate for FY 78 of $1.11 per square foot.

## 3. INSTITUTIONAL SUPPORT

Nine percent of all expenditures are for institutional support, including the President's Office, Business Office, Personnel Office, catalogs, and Information. For FY 78, the formula applies declining percentages to specified ranges of expenditures. Thus, institutions with low expenditure levels receive a higher percentage factor for this category than do institutions with larger budgets.



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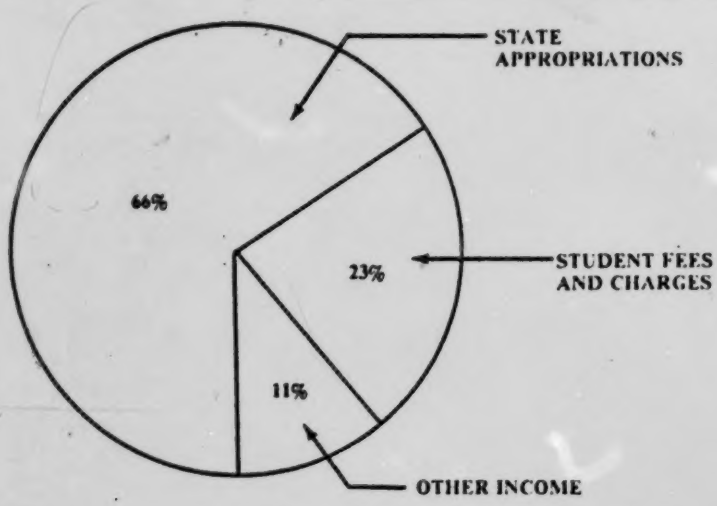


## 4. STUDENT SERVICES

Eight percent of expenditures are for student services functions, including admissions and records, dean of men, dean of women, financial aid, student health, and athletics.

Formula costs, excluding athletics, are related to headcount enrollment at each institution. The expenditure for FY 78 is $110. A maximum tax support of $200,000 for the universities, with the exception of Memphis State, UT Knoxville, and UT Nashville, is provided for intercollegiate athletics. The allowance is $25,000 for the community colleges.

## 5. RESEARCH

The research function includes bureaus, institutes, and special projects, and comprises one percent of expenditures. Research activities are assessed on a project basis by institution, and recommendations are made by the Commission on the basis of historical expenditure patterns.

A special research allocation applies to universities which secured "sponsored research" grants totaling over $5,000 in FY 1975-76. A statewide total appropriation of $1,500,000 is then divided among those institutions proportionate to the individual research expenditure. Thus, ten percent of all "sponsored research" conducted at a specific university would generate ten percent of $1,500,000, or $150,000 to that institution.

Public service, staff benefits, and student aid comprise the remaining eight percent of expenditures.

A new formula has been developed for public service and continuing education as a part of the public service function. All institutions will receive $25,000 to $100,000 for this purpose, with the exact amount determined by the level of Continuing Education Unit production. Other public service activities will be evaluated for funding on an individual project basis by using historical trends as guidelines.

Requests for staff benefits and student aid are analyzed in relation to previous annual expenditures. Fluctuations in FICA rates, insurance premiums, and retirement benefits are considered in making recommended changes.

## PART II: REVENUES

Historically, State appropriations have represented some 65 to 70 percent of unrestricted institutional revenues, while student fees and charges accounted for approximately 25 percent. Other income including athletics, interest or rent income, revenue from college farms, and income from similar sources, has totaled from five to ten percent.

A formula revenue approach is used in calculating revenue deductions for maintenance fees at each campus, and thus compensates for variations in charges among the institutions. The FY 78 method requires the following deductions for each credit hour: $5.88, freshman-sophomore; $9.41, junior-senior; $20.05, master's level; $47.57, doctoral level; and $11.70 for law. In addition, $21.00 per projected headcount student is deducted for each institution.

Projections of income other than maintenance fees are made for each institution on an individual and historical basis.

Appropriations requests are generated by the formula for the following institutions: Austin Peay State, East Tennessee State, Memphis State, Middle Tennessee State, Tennessee State, Tennessee Tech; Chattanooga, Cleveland, Columbia, Dyersburg, Jackson, Motlow, Roane, Shelby, Volunteer, and Walters State Community Colleges; UT Chattanooga, UT Martin, UT Knoxville, and UT Nashville.

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TENNESSEE HIGHER EDUCATION COMMISSION
501 UNION BUILDING
SUITE 300
NASHVILLE, TENNESSEE 37219

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# APPENDIX B

## NATIONAL ADVISORY PANEL

## STATE ADVISORY COMMITTEE

## MEMBERS OF NATIONAL ADVISORY PANEL

Dr. John Folger
Director, Project on Evaluation of Statewide Planning in Postsecondary Education
Education Commission of the States

Dr. James L. Miller, Jr.
Center for the Study of Higher Education
University of Michigan

Dr. David Brown
Vice President for Academic Affairs
Miami University of Ohio

Dr. Gordon Davies
Associate Director
State Council of Higher Education

Dr. Sidney S. Micek
Director, Project on Outcomes of Postsecondary Education
National Center for Higher Education Management Systems at WICHE

Dr. Dennis Gooler
Educational Policy Research Center
Syracuse University

Dr. Richard Burns
Acting Vice-President for Higher Education
Educational Testing Service

Dr. Ervin L. Harlacher
Chancellor
Metropolitan Community Colleges of Kansas City

Dr. Richard Ferguson
Vice President for Research
The American College Testing Program

Dr. Harold Enarson
President
The Ohio State University

## MEMBERS OF STATE ADVISORY COMMITTEE

D. Francis Gross
Vice Chancellor for Business and Finance
University of Tennessee at Martin

President Cuyler Dunbar
Roane State Community College

Dr. William Ellis
Director of Institutional Research
Austin Peay State University

Dr. Jerry Boone
Vice President for Academic Affairs
Memphis State University

Dr. Wallace Prescott
Vice President for Academic Affairs
Tennessee Technological University

Dr. Joe Johnson
Executive Vice President
University of Tennessee

Mr. Joe Garner
Special Management Consultant
University of Tennessee

Commissioner William Jones
Department of Finance and Administration

Representative John T. Bragg
House of Representatives

Senator Leonard Dunavent
Tennessee State Senate

Dr. Paul Sands
Dean of Instruction
Columbia State Community College

Dr. James Reeves
Graduate Dean
Tennessee State University

Dr. Wray Buchanan
Vice Chancellor for Academic Affairs
State Board of Regents

Mr. James Vaden
Vice Chancellor for Business and Finance
State Board of Regents

# APPENDIX C

# PILOT PROJECT CONTRACT

THE STATE OF TENNESSEE, THE TENNESSEE HIGHER EDUCATION COMMISSION,
AND
THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA

THIS CONTRACT, by and between the State of Tennessee, The Tennessee Higher Education Commission, hereinafter referred to as the State, and The University of Tennessee at Chattanooga, hereinafter referred to as Contractor.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the provisions set out herein:

A. The Contractor agrees to perform the following services:

1. Identify institutional goals that will

   (a) be consistent with and reflective of institutional mission;
   (b) be acceptable to the campus community and to the institution's governing board; and
   (c) emphasize instructional effectiveness-what achievements or changes in student knowledge, skill, or attitude occur.

2. Consider the identification of other institutional goals that relate to:

   (a) institutional missions such as research and service -- with specific emphasis on the unique institutional activity in these areas; and

   (b) institutional or management development goals -- changes and/or improvements sought in programs, policies, and procedures.

3. Identify performance indicators that:

   (a) associate with each of the goals in item (1) and (2); and

   (b) will provide evidence of goal achievement.

4. Furnish a mid-year progress report to THEC by January 30, 1977 and an end-of-year report no later than July 31, 1977. The end-of-year report should include:

   (a) a statement of goals and objectives;
   (b) an outline of indicators associated with goals and objectives;
   (c) a description of how they were developed (who was involved and how);
   (d) an outline of plans for acquiring data;
   (e) an exploration of possible approaches for relating performance to funding; and
   (f) a statement reflecting institutional fiscal contribution to the project and expenditures of THEC contribution during the first year.

B. The State agrees to compensate the Contractor as follows:

1. A grant for the 1976 - 77 fiscal year of $15,500 to underwrite approximately fifty percent of the salary for Dr. Albert Gary, pilot project director, and expenses for travel and testing materials.

2. Payment to the Contractor will be made in two installments with payments immediately following receipt of an acceptable mid-year progress report and receipt of an acceptable end-of-year report.

3. Final payment shall be made only after the Contractor has completely performed his duties under this Contract.

4. In no event shall the liability to the State exceed $15,500.

C. The parties further agree that the following shall be essential terms and conditions of this Contract.

1. The identification of institutional goals and associated performance indicators will reflect representative involvement from the campus community.

2. The identification of goals and indicators will be accomplished in light of

   (a) their potential transfer or applicability to other institutions similar in mission and environment; and
   (b) consideration of how achievement of goals -- whether student achievement or institutional achievement -- might be funded in a way which rewards achievement but permits administration of funding on an equitable and objective basis.

3. This Contract shall not be binding upon the parties until it is approved by the Tennessee Department of Finance and Administration.

4. The term of this Contract shall be from September 1, 1976 to June 30, 1977.

5. This Contract may be modified only by written amendment executed by all parties hereto, and approved by the Commissioner of Finance and Administration.

6. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State agency or the Comptroller of the Treasury, or their duly appointed representatives.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures.

THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA

By: _____ _____
James E. Drinnon, Jr., Chancellor DATE

THE UNIVERSITY OF TENNESSEE

By: _____ _____
Edward J. Boling, President DATE

STATE OF TENNESSEE
THE TENNESSEE HIGHER EDUCATION COMMISSION

By: _____ _____
Wayne Brown, Executive Director DATE

APPROVED:
TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION

By: _____ _____
William L. Jones, Commissioner DATE

# APPENDIX D

## PILOT PROJECT REPORT ABSTRACTS

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

VOLUNTEER STATE COMMUNITY COLLEGE

PRESIDENT OF THE COLLEGE: Dr. Hal R. Ramer

DIRECTOR OF THE PROJECT: Dr. Janice W. Fry

DESCRIPTION OF THE COLLEGE:

Volunteer State Community College is located within the city limits of Gallatin, Tennessee, and serves an eight county area in northern Middle Tennessee having a population base of approximately 675,000 people. VSCC is a commuter institution with nearly 3000 students and a FTE of about 1630. The mean age of the student body approaches 28 years of age. VSCC offers the Associate of Arts and Associate of Science degrees as well as several certificates of proficiency. In addition there are four areas of academic preparation: (1) a transfer education curriculum; (2) an occupational or technological curriculum; (3) a certificate programs curriculum; and (4) a basic studies curriculum.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | OBJECTIVES | INDICATORS |
|---|---|---|
| I. To provide a transfer university-parallel program which will prepare students to transfer two years of work to four-year colleges and universities. | A. To provide students with verbal, computational, and analytical skills necessary for acquiring, applying, and understanding knowledge. | 1. Transfers to senior and professional institutions.<br>2. Performance on ETC Academic Competencies in General Education Exam.[1]<br>3. Program completers.<br>4. Gain scores on ACT, Nelson-Denny, and CGP taken near end of first year at VSCC.[2] |
| | B. To provide general education courses for students. | 1. General education courses offerings.<br>2. Enrollments in general education.<br>3. Student perception of preparation in general education courses as related to ease of transfer.<br>4. Completers of 45-hour core as stipulated by State Board of Regents. |

[1] See Appendix A, Annual Report

[2] See p. 9, Annual Report

| GOALS | OBJECTIVES | INDICATORS |
|---|---|---|
| | C. To provide an instructional climate in which the student feels comfortable and can function in a perceived atmosphere that is self-rewarding. | 1. Utilization of library facilities.<br>2. Evaluation of faculty by students.<br>3. Student persistors.<br>4. Student withdrawals. |
| II. To provide programs of occupational-technical and pre-professional work for those students preparing to enter industry, business, and the service professions within a two- or three-year period, and who need a marketable skill, or an updated skill, that can be acquired through a program of higher education of less than a baccalaureate degree. | A. To provide the training for the necessary skills for entry level work in appropriate career fields. | 1. Hireouts--those who leave VSCC because skills are acquired but have not graduated or been certified.<br>2. Job placements.<br>3. Number of certifications granted by certification agencies. |
| III. To provide counseling, testing, and faculty advisement services according to personal, occupational, and academic needs of individual students. | A. To provide counseling, testing, and educational advisement for students. | 1. Services offered by counseling office.<br>2. Availability of counselors and faculty advisers for academic advisement.<br>3. Utilization of counseling services, i.e., academic, personal, and career. |

| Goals | OBJECTIVES | INDICATORS |
|---|---|---|
| | B. To identify and place students who need basic skills or prerequisites for entering college level courses, or who are academically deficient in general studies or who are honors and advance placement students; and to provide them with appropriate academic services. | 1. Definition of academic deficiency by subject area.<br>2. Proper placement of students.<br>3. Number of students who meet exit standards of basic courses.<br>4. Utilization of developmental laboratories. |

SURVEY OF PERFORMANCE FUNDING PROJECT

AT

COLUMBIA STATE COMMUNITY COLLEGE

PRESIDENT OF THE COLLEGE: Dr. Harold S. Pryor

DIRECTOR OF THE PROJECT: Dr. William A. Tallon

DESCRIPTION OF THE COLLEGE:

Columbia State Community College, established in 1966, was Tennessee's first community college. The college is located in Columbia, Tennessee, a city of 30,000, about forty miles south of Nashville. The college enrolls approximately 2,000 full-time equivalent students.

Columbia State offers two areas of University parallel courses in a wide variety of areas to prepare students for work on the senior college level. It also offers a number of programs of technological and preprofessional work for those students preparing to enter industry, business, and the professions in a two or three year period. The college also offers a program of continuing education for either credit or noncredit.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) To prepare students for advanced academic work at a four year or professional school. | Percent of qualified students who transfer as measured by institutional records.<br><br>Percent of transfer students receiving degree as measured by receiving school's records.<br><br>Student GPA at Columbia State and at receiving institution from institutional records.<br><br>Student responses to survey questions.<br><br>Number of credit course offerings that are college parallel. (3) |
| (2) To prepare students for specific occupational careers in two years of academic work. | Length of time for Career Education majors to receive a degree.<br><br>Number of graduates passing licensing exam on the first try as reported by licensing agencies.<br><br>Graduates responses to survey questions concerning satisfaction with preparation, time till first job, whether working in their field, and salary earned.<br><br>Employer responses to survey.<br><br>Number of majors offered.<br><br>Number of majors certified. |

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (3) To provide opportunities for continuing education in the service area. | Number of evening and off-campus courses offered.<br><br>Number of workshops and seminars sponsored by CSCC.<br><br>Number of requests from local businesses for special courses or workshops.<br><br>Number of continuing education units granted each year.<br><br>Student satisfaction with courses or workshops as measured by surveys. |
| (4) To provide remedial instruction for students who are not academically prepared for college level courses. | Student success in credit courses related to the developmental course.<br><br>Student satisfaction with developmental courses.<br><br>Student test score gains after taking a developmental course.<br><br>Final GPA of those who take developmental courses compared to those who do not. |
| (5) To assist students in acquiring basic learning and study skills. | Number of students increasing standard test scores after completing the program.<br><br>Number of students remaining in school after completing the program.<br><br>GPA of students in the program compared to those not in the program.<br><br>Student satisfaction and increase in self-confidence after completing the program. |

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (6) To provide academic and vocational counseling for students. | Number of students advised to take developmental courses and the number who do.<br><br>Number of students advised to take study skills program and the number who do.<br><br>Number of students developing realistic career and educational goals while at Columbia State.<br><br>Student satisfaction with advising program. |
| (7) To increase the depth and breadth of knowledge for those students receiving an Associates Degree. | Scores of graduates on National Assessment of Educational Progress test materials.<br><br>Scores of graduates on ACT test compared to their entering scores.<br><br>Scores of graduates on local math test, writing sample and Nelson-Denny reading test compared to their entering scores. |
| (8) To offer a wide range of special activities intended to increase the general cultural level of the service area. | Number and type of programs sponsored by Columbia State for the community.<br><br>Attendance at special programs.<br><br>Number of faculty giving talks off campus.<br><br>Number of groups using Columbia State facilities. |

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

SHELBY STATE COMMUNITY COLLEGE

PRESIDENT OF THE COLLEGE: Dr. Jess H. Parrish

DIRECTOR OF THE PROJECT: Dr. Herbert L. Temple

DESCRIPTION OF THE COLLEGE:

Shelby State Community College, founded in 1970 and opened in 1972, is one of ten community colleges and six universities governed by the Board of Regents of the State University and Community College System of Tennessee. The College is the only multi-campus facility specifically designed to serve diverse educational needs on an entirely local basis for residents in a metropolitan area.

The academic structure of the College includes four major areas of emphasis: Career and Cooperative Studies, Continuing Education and Community Services, General and Transfer Studies, and Guided and Developmental Studies. The College is currently operating two full-service campuses, three multi-purpose learning centers, and about twenty-five additional teaching stations throughout Memphis, Shelby County, and the surrounding areas with a headcount enrollment of approximately 5,000 students.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) Provide diversity in educational offerings to meet the varied educational needs of a metropolitan population. | Development of a student follow-up study which will provide the following indicators relating to program availability and student enrollment.<br><br>1. Total number of students in each of the transfer degree programs at each SSCC campus or center.<br><br>2. Total number of students in each of the career degree or certificate programs at each SSCC campus or center.<br><br>3. Total number of students who have taken developmental study courses, and at which SSCC location.<br><br>4. Total number of persons served by continuing education and public service programs.<br><br>5. Total number of programs developed and/or under development as derived through needs assessment.<br><br>6. Total number of SSCC centers and courses as surveyed by the field service office.<br><br>7. Total number of SSCC students and public serviced by SSCC branches of the MSCPLIC<br><br>Development of a program needs assessment for the geographical area of the second campus location. This will provide the following indicators reflecting the needs of a population not yet adequately served by the College. (Raleigh-Bartlett, Frayser, NW Shelby County)<br><br>1. Percentage of population in the above listed areas who feel that SSCC should locate a second campus in their area. |

ASSOCIATED INDICATORS

2. Percentage of population in the above listed areas who would attend SSCC to pursue a General Studies curriculum.

3. Percentage of population in the above listed areas who would attend SSCC for Transfer Programs.

4. Percentage of population in the above listed areas interested in attending non-credit Continuing Education and Community Service type programs.

5. Total number of junior and senior high school students in the above listed areas interested in SSCC programs according to program listings.

6. Percentage of counselors in schools located in the above mentioned areas who would recommend SSCC programs to their students.

7. Total number of neighborhood groups, according to group types, in the above mentioned areas who indicate interest in SSCC programs and services according to types of programs selected.

8. Total number of businesses and/or industries in the above mentioned areas who would like to see SSCC locate a campus in their area, and the types of programs they would select as meeting their training needs.

9. Total number of present SSCC student who are residents of the above mentioned areas and the types of programs needed for them at a new campus in their area.

10. Total number of local business and/or political community leaders in the above mentioned areas willing to serve on

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| | advisory groups for SSCC programs to be offered at a campus in their area.<br><br>11. Types and number of <u>new</u> programs not currently offered by SSCC as recommended by all of the above mentioned groups in the above listed community areas to be offered in their areas.<br><br>12. Percentage of the ethnic mix of the responses from all above mentioned groups.<br><br>13. Measures of space utilization of proposed physical facilities for the new campus according to the responses to the above indicators.<br><br>14. Measures of space utilization not presently included in the proposed physical facilities for the new campus which resulted from the responses to the above mentioned indicators.<br><br>15. Total number of community service agencies and/or groups currently operating in the above mentioned areas who would utilize SSCC programs and facilities. |
| (2) Accept the student where he/she is and increase the level of competency | Development of evaluation studies which will assess the effectiveness of the individualized programs in Reading, Mathematics, and Composition I. (A pilot program was designed and implemented during Fall 1976 registration which assessed the reading competency at entry into and exit from each reading courses. Data gained will assist in evaluation of instructional strategies and assist in refinement and revision of instruction.) Performance indicators are: |

INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

ASSOCIATED INDICATORS

1. Cost per student of individualized programs in:
   a. Composition I
   b. Mathematics courses
   c. Reading courses.

2. Cost per section of individualized programs in:
   a. Composition I
   b. Mathematics courses
   c. Reading courses.

3. Total number of students enrolled in individualized courses in Mathematics and Composition I.

4. Total number of students who have completed/not completed individualized courses in Mathematics and Composition I.

5. Total number of students who finished these individualized courses in one/two/three/four quarters.

6. Grades attained upon completion of individualized Mathematics and Composition I courses.

7. Grades attained by students in sequential courses of Mathematics and Composition.

8. Correlation of student evaluation of courses.

9. Availability of reading scores for incoming freshmen.

10. Reading level attained upon completion of Reading courses.

11. Use of reading scores and attained reading levels upon completion of courses in determination of student schedules.

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| | 12. Development and administration of reading tests for different subject matter areas to determine correlation between reading and success in those subjects.<br><br>13. Evaluation of reading level of texts and materials used in different subject matter areas.<br><br>14. Use of information and statistics developed in revision of courses. |
| (3) Provide Educational experiences which should give both educational and occupational mobility. | Development of a student follow-up study which will provide the following indicators of degree of institutional goals satisfaction; and congruence of student-institutional goals satisfaction.<br><br>1. Total number of SSCC students (graduates and non-graduates) who transfer to senior institutions.<br><br>2. Types of problems, if any, experienced by SSCC students in transferring courses and credits.<br><br>3. Total number of institutions involved in articulation agreements with SSCC and number of former SSCC students admitted by these institutions.<br><br>4. Total number of former SSCC students who transfered to other post secondary institutions.<br><br>5. Total number of SSCC students who took part in cooperative work experiences or internships.<br><br>6. Total number of students who felt that their cooperative work experience or internship was useful in meeting their career goal. |

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| | 7. Total number of students who felt that career counseling at SSCC was helpful in defining their career goals.<br><br>8. Total number of students who did not feel that career counseling at SSCC was helpful in defining their career goals.<br><br>9. Total number of students who could use the service of the proposed lab.<br><br>10. Total number of students who have taken the career planning course.<br><br>11. Total number of students who took the career planning course who felt it was useful in defining and/or making career decisions.<br><br>12. Total number of SSCC students (graduates and non-graduates) who have used the placement office.<br><br>13. Total number of placement office clientele who felt positive about their placement.<br><br>14. Total number of program advisory committees. |
| (4) Provide educational experiences in units which meet the needs of students. | Development of a student follow-up study which will provide the following indicators of students' reasons for attendance and retention patterns.<br><br>1. Total number of students admitted under the open door policy who would otherwise have been denied admission to other colleges which use high school GPA and/or entrance test scores. |

ASSOCIATED INDICATORS

2. Total number of students who attended SSCC partially due to low maintenance fees and financial assistance who would have been otherwise unable to pay the higher cost of other institutions.

3. Total number of students at each SSCC location.

4. Total number of students satisfied with the multiple location concept.

5. Total number of students entering and exiting SSCC each of the six terms yearly.

6. Total number of students satisfied with the six term academic calender.

7. Total number of students satisfied with the class time schedule.

8. Total number of students involved in self-paced instruction.

9. Total number of students who liked their self-paced instruction and thought it beneficial to them academically.

10. Total number of students served by special programs developed to meet special needs (i.e., city employees, IRS, Post Office, etc.)

11. Total number of students tested by SSCC for diagnostic purposes for course placement.

12. Total number of students who used diagnostic testing information to make course selections.

Development of the following pilot projects which test non-traditional alignments of courses and recognition of completion for "new" units.

ASSOCIATED INDICATORS

1. Development of Interdisciplinary program.
2. Offering of courses in non-traditional alignments.
3. Development of peer-tutoring laboratory to aid students in selected courses.
4. Development of a course to train peer-tutors for laboratory work.
5. Development of a comprehensive testing center through Student Personnel Services.
6. Development of a Career Lab.

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

THE UNIVERSITY OF TENNESSEE AT MARTIN

CHANCELLOR OF UTM: Dr. Larry T. McGehee

DIRECTOR OF THE PROJECT: Dr. Joseph L. DeVitis

DESCRIPTION OF THE UNIVERSITY:

The University of Tennessee at Martin is a state-supported university of approximately 5,000 students. The school is situated in Northwest Tennessee, about 125 miles northeast of Memphis and 150 miles northwest of Nashville. The University traces its origins back to 1900 but did not become a senior college until 1951. In 1967, the institution officially became The University of Tennessee at Martin.

The University of Tennessee at Martin is a primary campus of the University of Tennessee system. In broad reference, its role and function are similar to those of the University, including instruction, public service, and research. But in emphasis and focus, the Martin campus is primarily an instructional unit with significant responsibility and concern for undergraduate education.

The major goal of The University of Tennessee at Martin is to provide superior quality undergraduate instruction to a clientele composed chiefly of full-time residential students. To students who come from most of the counties in Tennessee as well as from many other states and a number of foreign countries, UTM offers programs of study leading to degrees in more than 65 specialized fields. These are offered through the schools of Agriculture, Business Administration, Education, Engineering and Engineering Technology, Home Economics, and Liberal Arts.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) To develop basic skill competencies in English composition, reading, and general mathematics. | (1) Composition - Test of Standard Written English (ETS)<br>Reading - Nelson-Denny Examination<br>General Mathematics - UTM Mathematics Placement Examination |
| (2) To encourage students to evaluate their personal/social values and goals. | (2) Rokeach Value Survey |
| (3) To develop main-depth competence in a discipline. | (3) Departmental Examinations |

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

THE UNIVERSITY OF TENNESSEE AT NASHVILLE

CHANCELLOR OF THE UNIVERSITY: Dr. Charles E. Smith

DIRECTOR OF THE PROJECT: Doris G. Sullivan

DESCRIPTION OF THE UNIVERSITY:

The University of Tennessee at Nashville is a state supported university of approximately 4,700 headcount students in the college credit programs. Located in the capitol city of Nashville, population of approximately 486,000, the institution, which is now UTN, was established in 1947 as an extension center of the University's Knoxville Campus, offering evening classes for working adults. In order to meet community needs for a fully functional evening university, the Nashville Center was granted permission to develop into a four-year degree-granting institution upon completion of accreditation requirements of the Southern Association of Colleges and Schools. Accreditation was granted in January 1971 when the institutional self-study, begun in 1969, was approved by the Association. In 1971, legislation was passed by the Tennessee General Assembly creating a new UT campus, The University of Tennessee at Nashville.

The University is located in downtown Nashville and has no dormitory nor athletic facilities. Approximately 70 percent of the students are employed 40 hours or more a week and the average student age is 27. A majority of the students (approximately 80 percent) live within 15 miles of the University and approximately 70 percent of the students have previously attended another college. At least 90 percent of the student population is enrolled for undergraduate work.

UTN's facilities are used during the daytime for a wide variety of public service and continuing education activities. Some 50,000 persons annually attend conferences, workshops, seminars, and government training classes at UTN.

UTN offers associate degree programs in nursing, fire science, and office administration. Baccalaureate degrees are offered in arts and sciences, business administration, education, engineering, and nursing. The campus has one graduate program, leading to the Master of Business Administration degree. Resident credit courses lead to the master's degree in engineering and in public administration. All degrees, except the associate degree program in nursing, are offered in the evening. In addition, UTN, in cooperation with the Tennessee Department of Corrections, offers through its "College Within the Walls" program, courses leading to the Associate of Arts degree for inmates at three state penal institutions.

INSTRUCTIONAL GOAL STATEMENTS AND ASSOCIATED PERFORMANCE INDICATORS FOR UTN

| INSTITUTIONAL GOAL STATEMENTS FOR STUDENTS WHO WILL RECEIVE A BACCALAUREATE OR AN ASSOCIATE DEGREE FROM UTN | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|
| 1. Demonstrate a mastery of the skills of communication: reading, writing, and arithmetic. | ACT College Outcome Measures Project |
| 2. Express a sense of self-worth and self-confidence. | Sixteen Personality Factor Questionnaire |
| 3. Demonstrate ability to acquire knowledge and to apply it. | ACT Colllege Outcome Measures Project |
| 4. Demonstrate analytical and problem-solving skills. | ACT College Outcome Measures Project |
| 5. Demonstrate an awareness of their own values and the values of others. | ACT College Outcome Measures Project |
| 6. Express the ability to cooperate and work with others. | Sixteen Personality Factor Questionnaire |
| 7. Demonstrate a basic background in the humanities. | ETS Undergraduate Program Area Tests |
| 8. Demonstrate a basic background in the social sciences. | ETS undergraduate Program Area Tests |
| 9. Demonstrate a basic background in the natural sciences. | ETS Undergraduate Program Area Tests |
| 10. Express an awareness of and concern for contemporary events, issues, and problems. | ETS Undergraduate Program Area Tests |
| 11. See their college experience as satisfactory. | Questionnaire and follow-up study |
| 12. Express a desire for or commitment to life-long learning. | Questionnaire and follow-up study |
| 13. Demonstrate an in-depth knowledge in their chosen area of concentration. | ETS Undergraduate Field Tests and Students' Performance on Professional and Graduate Admissions Exams |

| NON-DEGREE SEEKING STUDENT POPULATION | INSTITUTIONAL GOAL STATEMENTS FOR NON-DEGREE SEEKING STUDENT POPULATION | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|---|
| 1. Career-oriented--Improve skills for promotion and/or raise in salary in the field in which the student is currently employed. | Aid the student in improving his/her skills so that he/she may be able to be promoted and/or receive an increase in salary in the field in which the student is currently employed. | Follow-up questionnaire in which student is asked whether courses taken at UTN were beneficial in obtaining a raise or a promotion. |
| 2. Career-oriented--Develop new skills in order to obtain a position in a different field than the one in which the student is currently employed. | Aid the student in developing his/her skills so that he/she may be able to obtain a job in a different field than the one in which the student is currently employed. | Follow-up questionnaire in which student is asked whether courses taken at UTN were beneficial in obtaining a position in another field. |
| 3. Career-oriented--Develop new skills in order to enter job market. | Provide counseling to aid the student in choosing a career. | Percent of students obtaining career counseling. |
| | Aid the student in developing skills which will enable the student to successfully enter the job market. | Follow-up questionnaire. |
| 4. Broadening of knowledge and cultural enrichment. | Provide courses which students may take for cultural enrichment and an increase in knowledge about the subject. | Follow-up questionnaire |
| 5. Social reasons. | Provide an atmosphere in which adult students may meet and discuss common areas of interest. | Questionnaire |
| 6. Unsure as to degree area and are simply taking some courses which they hope will help them make a decision. | Provide students with the opportunity to "try out" different areas when they are unsure as to their degree choice. | Questionnaire |

| NON-DEGREE SEEKING STUDENT POPULATION | INSTITUTIONAL GOAL STATEMENTS FOR NON-DEGREE SEEKING STUDENT POPULATION | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|---|
| 7. Preparation for professional examinations. | Provide courses which will increase a student's knowledge of a particular subject and at the same time increase his/her ability to pass a professional examination. | Entry and exit examinations. Follow-up study. |
| 8. Prerequisites for MBA | Provide courses which will increase a student's knowledge of a particular subject and at the same time increase his/her ability to be successful in the MBA program. | Entry and exit examinations. Follow-up study. |
| 9. Transient students. | To provide courses at a time or place which is more convenient for them or less expensive than the cost of the course offered by the institution from which they intend to graduate. | Questionnaire. |

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| GENERAL INSTITUTIONAL GOALS | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|
| 1. To provide an educational opportunity for the adult who works during the daytime hours in the Middle Tennessee area. | Percent of students who are working adults. |
| 2. To provide an educational opportunity through the external degree program for the adult who has a difficult time attending classes on a campus on a regular basis. | Percent of students working toward external degree who could not have attended classes on a regular basis. |
| 3. To provide credit for life experiences which are applicable toward a degree through the use of CLEP and proficiency examinations | Number of students taking CLEP and proficiency examinations per year. |
| 4. To provide noncredit activities which will increase the chance of success of the student who finds that he/she must do some developmental work in order to be able to do satisfactory work in an undergraduate degree-granting program. | Number of students enrolled in developmental courses.<br>Entry and exit examinations. |
| 5. To provide an educational opportunity to the inmates in three penal institutions in the state. | Number of students enrolled in the Associate of Arts degree program. |
| 6. To develop and sponsor or cosponsor with experts in the community, institutes, conferences, seminars, workshops, and symposiums which will be of benefit to the adult population in Tennessee. | Number of institutes, conferences, seminars, workshops, and symposiums offered during a year.<br>Summary of evaluations administered at the end of all institutes, conferences, seminars, workshops and symposiums in which the participants have an opportunity to state the benefit of the program(s).<br>Follow-up questionnaire to the employers of the participants when applicable. |
| 7. To create an institution recognized for its public service commitment to the community. | Random sampling of the community to determine its level of awareness of UTN's public service activities. |

| GENERAL INSTITUTIONAL GOALS | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|
| 8. To include local citizens in the short- and long-range planning of the institution's public service activities. | Statements from the Dean of Public Service and the local citizens involved as to how and to what extent they were involved in the planning of UTN's public service activities. |
| 9. To work with the center for Government Training in offering courses of study which will increase the efficiency and productivity of government employees. | Follow-up study of government employees who have attended classes at UTN and their supervisors. |
| 10. To provide continuing education units for courses of study which qualify for the units and for which there is a demand in the community. | Number of continuing education units awarded during the year. |
| 11. To provide an atmosphere which will encourage adults who have had an unsuccessful academic college experience in a typical college setting to attend UTN and to aid them in being academically successful. | Questionnaire<br>Report on transfer students' cumulative grade point average before and after attending UTN.<br>Retention study. |
| 12. To offer review programs for professional examinations which will be of benefit to the participants. | Number and type of review programs offered.<br>Follow-up study on the participants. |

| UTN DEVELOPMENTAL GOALS | ASSOCIATED PERFORMANCE INDICATOR |
|---|---|
| 1. To establish an effective faculty developmental program. | Brief report on progress. |
| 2. To develop a student advisement process which will be appropriate for and useful to the variety of students who attend UTN. | Brief report on progress. |
| 3. To investigate the possibility of developing off-campus centers for evening classes. | Brief report on progress. |

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SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

UNIVERSITY OF TENNESSEE AT CHATTANOOGA

PRESIDENT OF THE UNIVERSITY: Dr. James E. Drinnon

DIRECTOR OF THE PROJECT: Dr. Al L. Gary

DESCRIPTION OF THE UNIVERSITY:

Founded in 1886, Chattanooga University remained a private school for 83 years. The University did not become a public institution until 1969. Three years after its founding, the University was consolidated under the name of Grant University with another church-related school, East Tennessee Wesleyan University at Athens. In 1907 the name University of Chattanooga was adopted.

In 1969 the University of Chattanooga and a junior college, Chattanooga City College, merged to become a major campus of the University of Tennessee, one of the oldest land-grant universities in the nation. Pledged to the service and interest of the entire state, The University of Tennessee has emerged as a state-wide system consisting of five primary campuses. The new campus was given the mandate to devote the major portion of its resources to the development of excellence in undergraduate education and in selected areas in graduate studies.

The joining of the three institutions has resulted in a strengthening of the University through a significant expansion of the scope of its curriculum, acquisition of new facilities and increased opportunities for research, public service and physical growth.

With a student population of 6,163 the University is undergirded by the dual traditions of private and public institutions, retaining the disciplines of traditional liberal education, while expanding its degree programs in professional studies and greatly increasing its initiatives in continuing education and public service.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) To strengthen, develop and initiate undergraduate programs in which career preparation and liberal arts based general education are seen as mutually supportive and complementary.<br>Project Objectives: (A) To establish and maintain an acceptable standard of reading, writing, and comprehension of literature, and (B) To assess the general education requirements' success in providing undergraduates with conceptual knowledge of such broad areas as the humanities, fine arts, the natural and behavioral sciences, and non-western or interdisciplinary studies. | Measurement of incoming freshmen, and the same students again at the end of the completion of their general education requirements with the use of the following instruments: (A) The Concept Mastery Test, (B) The Watson-Glaser Test of Critical Thinking, (C) The Nelson-Denny Reading Test, and (D) The CEEB English literature examination.<br><br>Project Objectives: Indicators 1 and 2. |
| (2) To encourage each student to develop a life-long interest in learning and to equip each one with the methods of inquiry and the capabilities necessary for independent study.<br>Project Objectives: (A) To assess student capability in critical thinking, and (B) To assess the effect of the newly developed advisement and counseling system on student's educational and career goals. | To measure experimental and control groups of incoming freshmen with the Strong-Campbell Interest Inventory. Results are to be used in the advisement of the experimental students taking undergraduate general education courses. Control students will be advised, but will not be afforded advisement with the Strong-Campbell. This process is necessary in order to ascertain its effect, both academically and in terms of student personal satisfaction.<br><br>Project Objectives: Indicators 1-Watson-Glaser, 2, and 3. |

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (3) To strive to improve the effectiveness of the University's educational endeavors by promoting excellence in teaching, by preserving and promoting a climate conducive to constructive change, and by the skillful and imaginative use of all its resources.<br>Project Objectives: To assess the effect of the newly developed advisement and counseling system on student's educational and career goals. | To initiate the development of an instrument, unique and interesting in nature, designed to eventually measure the following five (5) critical thinking skills: Drawing inferences, Recognition of assumptions, Arriving at conclusions (Deduction), Interpretation of material, and Evaluation of Arguments.<br><br>Project Objectives: Indicator 3. |

Described in project report to THEC.

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

TENNESSEE TECHNOLOGICAL UNIVERSITY

PRESIDENT OF THE UNIVERSITY: Dr. Arliss L. Roaden

DIRECTOR OF THE PROJECT: Dr. Richard G. Dumont

DESCRIPTION OF THE UNIVERSITY:

Tennessee Technological University is a state-supported institution of approximately 7,300 headcount students. The University was founded in 1915 and it is located in Cookeville, a city of approximately 20,000 people.

The University is primarily a resident institution, with about 60% of its students living in dormitories or other university housing. The majority of students work while attending school. Of the 7,300 students, approximately 1,100 are graduate students. Some 70% of all students are drawn from the Upper-Cumberland Region, which has a population of 3,923,678.

Programs of the University include offerings in five colleges -- Agriculture and Home Economics Arts and Sciences, Business Administration, Education, and Engineering. Masters programs are availa in several of the departments comprising the five colleges; and a single inter-disciplinary doctoral degree in Engineering is offered.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| | GOALS[1] | ASSOCIATED INDICATORS[2] |
|---|---|---|
| (1) | To ensure that students develop effective writing abilities. | |
| (2) | To ensure that students develop effective reading abilities. | |
| (3) | To ensure that students develop effective speaking abilities. | |
| (4) | To ensure that students develop effective mathematical abilities. | |
| (5) | To ensure that students develop basic understandings of democracy and citizenship. | |
| (6) | To ensure that students develop basic understandings of history and geography. | |
| (7) | To ensure that students decelop basic understandings of science and technology. | |
| (8) | To ensure that students develop basic understandings of economics. | |
| (9) | To ensure that students develop basic understandings of literature. | |

| GOALS[1] | ASSOCIATED INDICATORS[2] |
|---|---|
| (10) To ensure that students develop basic understandings of the behavioral sciences. | |
| (11) To ensure that students develop a capability for self-directed learning. | |
| (12) To ensure that students develop the ability to reason or think critically. | |
| (13) To ensure that students develop an informed acquaintance with the major methods of inquiry. | |
| (14) To ensure that students develop broadened perspectives. | |
| (15) To ensure that students develop a penetrating knowledge of our form of government. | |
| (16) To ensure that students develop a moral sensibility. | |
| (17) To ensure that students develop an awareness of the physical and psychological desirability for the maintenance and preservation of a healthy body and that they participate in a continuing physical exercise or fitness program or activity. | |
| (18) To ensure that students develop a genuine concern and a sense of responsibility for the welfare of mankind generally. | |

INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS[1] | ASSOCIATED INDICATORS[2] |
|---|---|
| (19) To ensure that students develop a set of personal goals, a sense of self-worth and self-confidence, and a heightened sense of personal awareness and self-understanding necessary for mental health and life as a member of society. | |
| (20) To ensure that students develop the ability to conduct themselves civilly. | |
| (21) To ensure that students develop the ability to work within a parliamentary context for the accomplishment of certain tasks. | |
| (22) To ensure that students develop the ability to accept and perform assigned tasks neatly and punctually. | |
| (23) To ensure that students develop the ability to manage time wisely. | |
| (24) To ensure that students formulate, develop, or clarify their values. | |
| (27) To ensure that students develop a basic understanding of philosophy. | |
| (28) To ensure that students develop a knowledge and appreciation of the fine arts and/or music. | |

| GOALS[1] | ASSOCIATED INDICATORS |
| --- | --- |
| (29) To ensure that students develop a mastery of a field of knowledge or major area of study to the level required for admission to and successful completion of graduate or professional school. | |
| (30) To ensure that students develop a mastery of a field of knowledge or major area of study to the level required for successful employment in a desired occupation. | |
| (31) To ensure that students develop appreciations, interests, and skills necessary for a satisfying and fulfilling use of leisure. | |

## FOOTNOTES

[1]GOALS: Detailed descriptions of all GOALS appear on the "LIST OF POSSIBLE INSTITUTION-WIDE INSTRUCTIONAL GOALS FOR FACULTY REACTION AND RESPONSE," which provided the basis for a campus-wide faculty survey. The list was prepared by a faculty committee, representing the five colleges and twelve separate departments from throughout the University.

For each of the goals cited, over 80% of University Faculty and Academic Administrators responded on a five-point scale ranging from 1 ("of no importance or not applicable") to 5 ("of extremely high importance") to the following two questions: "In your estimation, how important is the goal at this institution at the present time?" and "In your judgment, how important should the goal be at this institution?"

Figure 1, which is taken from a seventy-nine page report on the survey results, portrays graphically the basic findings. Relative priority structures may be inferred by examining the Should be scores, the Should Be-Is discrepancies, or their combined values.

[2]ASSOCIATED INDICATORS: Due to the fact that this institution was a late-comer to the Performance Funding Project (we became involved formally only during the Spring Quarter of 1977), work on the idenitification of appropriate performance indicators remains incomplete as of this time.

SUMMARY OF THE PERFORMANCE FUNDING PROJECT

AT

AUSTIN PEAY STATE UNIVERSITY

President of the University: Dr. Robert O. Riggs

Director of the Project: Dr. Albert B. Randall

Description of the University:

Austin Peay State University is a regional state university under the governance of the Board of Regents. It is located in the city of Clarksville, which is approximately forty-five miles northwest of Nashville and approximately five miles south of the Kentucky state line. As a regional University, Austin Peay serves several counties in both Tennessee and Kentucky, including a major military installation, Fort Campbell. Its primary source of Tennessee students is from within a radius of fifty miles of the campus. Its primary source of Kentucky students is from within a radius of thirty miles wherein by a special act of the Tennessee Legislature these students are considered to be "in-state" for purpose of fees. In fall of 1975, approximately ninety-two percent of the on-campus students came from these two areas in Tennessee and Kentucky. However, the origin of all on-campus studetns in the fall of 1975 was from sixty-seven Tennessee counties, thirty states, and several foreign countries. Therefore, the service area of Austin Peay may be considered to be national or even international in scope as long as the major mission of the University is still conceived of as regional. As a University we are attempting to serve the following regional needs:

(1) On campus educational programs;
(2) Evening programs;
(3) Off-campus programs in various communities;
(4) Off-campus programs to serve military personnel at Fort Campbell;
(5) Two-year associate degree and occupational programs; (A sizeable segment of APSU's service area is without access to a community college within commuting distance.)
(6) Continuing Education programs.

As a regional state institution, the primary task of Austin Peay State University has been that of providing instruction through means of an education program that includes not only the liberal arts and sciences but also curricula in business education and professional programs such as business administration, industrial arts, nursing and teacher education in numerous areas. Graduate work at APSU consists of master's programs in English, history, psychology, biology and education.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| I. Program Goals: | |
| 1a. To stimulate students into consideration of basic human issues.<br>1b. To encourage students to bring perspectives from different disciplines to bear on the same issues. | 1. Pre-and post-testing of behavorial objectives developed with the team-instructors of the four seminars. (Tests to be developed during the fall quarter as described in APSU end-of-year report. Tests will be included in next year's mid-year-progress report.) |
| 2. To encourage students to debate, to choose, and to gain confidence in their own understandings. | 2. Tennessee Self Concept Scale |
| 3. To reconcile differing views or approaches, i.e., to consider other opinions. | 3. Rokeach Dogmatism Scale |
| 4. To develop students capacity to analyze opinion and information. | 4. Watson-Glaser Test of Critical Thinking |
| 5. To state in speech and writing conclusions reached. | 5. Instructor evaluation |
| 6. To stimulate cultural perspectives. | 6. see 1a and 1b |

| | |
|---|---|
| II. Institutional Goals: [1] | |
| 1. To recruit a larger number of academically gifted students from APSU's service area. | 1. A.C.T., S.A.T., and high school G.P.A. comparisons for each fall quarter freshman enrollment. |
| 2. To retain a higher percentage of academically talented students. | 2. G.P.A. comparisons of students leaving APSU for all four classifications each year. |
| 3. To improve APSU's academic image among talented high school students and their teachers and counselors. | 3. Recruiting comparisons for each school year and telephone interviews with high school counselors. |

[1] Adequate measurement of institutional goals will not be feasible until program has been in operation for two years. Therefore, measurement of institutional goals will not occur during the last year of THEC's Performance Funding Project. A pilot study using the College Student Satisfactory Questionnaire and a matched-pairs design will be initiated during 1977-1978 and included in the end-of-year report.

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

THE UNIVERSITY OF TENNESSEE, KNOXVILLE

CHANCELLOR OF THE UNIVERSITY: Dr. Jack E. Reese

DIRECTOR OF THE PROJECT: Dr. Fred N. Peebles

DESCRIPTION OF THE UNIVERSITY:

The University of Tennessee, Knoxville is the "capstone" campus of The University of Tennessee, a multi-campus, multi-purpose system of higher education encompassing all Tennessee. The University of Tennessee is both the State University and the official Land-Grant Institution of Tennessee. UTK seeks to develop human and material resources of Tennessee through public service. In the fall of 1976 a total of 29,711 students were enrolled at The University of Tennessee, Knoxville. To serve the academic needs of these students, UTK offers 111 degree programs at the bachelor's level, 123 at the master's level, and 52 at the doctoral level.

ABSTRACT

The UTK Performance Funding Project is being carried out in the UTK College of Engineering and is intended to be a pilot effort for the Knoxville Campus. Upon completion of the college-level study the methodology and approach to assessment of engineering education effectiveness will be utilized in the assessment of effectiveness in other professional disciplines of UTK.

The UTK College of Engineering Performance Funding Project will assess the effectiveness of engineering education offered in the college through measurements of three performanc variables:

(1) engineering graduates' knowledge of the mathematics, basic sciences, and engineerin sciences,

(2) expected professional characteristics of UTK engineering graduates (See Exhibit A), and

(3) progress toward achievement of College of Engineering Decade Goals-An Emphasis on Engineering Excellence. (See Exhibit B).

The graduates' knowledge of mathematics, basic science, and engineering sciences will be measured through performance of engineering seniors on the national Engineer-In-Training (E.I.T.) examination. Scores on the EIT examination for 200 to 300 seniors per year will be compared with national norms, and engineering education effectiveness will be indicated positive as UTK graduates' scores exceed the national norms. Assessment of the expected professional characteristics of UTK engineering graduates will be done through responses to a new survey questionnaire by

(a) self-analysis of 500 to 1000 graduates awarded UTK baccalaureate degrees during the past ten years

(b) by supervisors of the same 500 to 1000 graduates who provide the self analysis responses, and

(c) by UTK engineering faculty for the 600 to 800 graduates awarded B. S. degrees during 1976-77 and 1977-78.

Assessment of progress toward achievement of the College of Engineering Decade Goals will be made through presentation of reports on performance to a Board of Visitors comprising engineering and educational leaders from industry, government, and private practice.

Table I provides a tabular display of the performance variables, the performance indicators, and the populations being evaluated for the UTK College of Engineering Performance Funding Project.

TABLE I

SCOPE OF THE UTK PERFORMANCE FUNDING PROJECT

| Performance Variable | Performance Indicator | Population Evaluated |
|---|---|---|
| Graduates' knowledge of mathematics, basic science, and engineering sciences | Scores of engineering seniors on national E.I.T. examination | 200 to 300 engineering seniors who apply for engineering registration in Tennessee each year |
| Expected professional characteristics of UTK engineering graduates - See Exhibit A | Ratings by supervisors of UTK engineering graduates using Survey of UTK Engineering Graduates 1977* | 500 to 1000 engineering graduates awarded UTK degrees during past ten years |
| Expected professional characteristics of UTK engineering graduates - See Exhibit A | Self analysis ratings by UTK engineering graduates using Survey of UTK Engineering Graduates.* See Exhibit B | 500 to 1000 engineering graduates awarded UTK degrees during past ten years |
| Expected professional characteristics of UTK engineering graduates - See Exhibit A | Ratings by faculty of UTK engineering graduates using Survey of UTK Engineering Graduates* | 600 to 800 engineering graduates awarded UTK degrees during 1976-1977 and 1977-1978 |
| Progress toward achievement of College of Engineering Decade Goals: An Emphasis on Engineering Excellence - See Exhibit B | Specific data on the measureable elements of the Decade Goals as reviewed by the Board of Visitors | Departmental Programs of the College of Engineering |

*Presented as part of the End-of-Year Report, UTK, College of Engineering Performance Funding Project submitted to Tennessee Higher Education Commission.

EXHIBIT A

EXPECTED PROFESSIONAL CHARACTERISTICS OF
UTK ENGINEERING GRADUATES

- Factual Knowledge, a strong background in mathematics and an understanding in some depth of one or more areas of applied science;

- Ability to Define and Solve Problems, an orderly set of thought processes for identifying and solving unfamiliar problems, including the ability to decide upon the information needed to solve a given problem, the ability to obtain that information from available sources, and the ability to define feasible methods for developing this information if otherwise unavailable;

- Ability to Analyze Systems, Processes, Machines, or Devices, commonly utilized in the graduate's field of engineering practice;

- Ability to Apply Fundamental Elements of the Design Process, (establishment of objectives and criteria, synthesis, analysis, construction, testing, and evaluation) in devising a system, component, or process to meet desired needs;

- Ability to Communicate, the ability to communicate clearly with others orally and in writing;

- Motivation to Continue Professional Development as a Life-long Process, through independent study, organized continuing education programs, or part-time study toward an advanced degree;

- Professional and Social Responsibility, an appreciation of the interaction between technology and society as a whole, and a sense of responsibility for assuring that this interaction is harmonious; and

- Knowledge of and Ability to Apply the Code of Ethics of Engineers in Professional Practice.

COLLEGE OF ENGINEERING GOALS FOR THE NEXT DECADE: AN EMPHASIS ON EXCELLENCE

1. Achieve national recognition for excellence of all engineering programs. The measures of this achievement include: the development of a superior climate of learning appropriate for a professional school of engineering; the development of a faculty and student body of the highest caliber consistent with meeting the educational requirements of the state; the achievement of a uniformly high morale among the faculty and students; and nationally recognized engineering accomplishments of a quality which is professionally and intellectually satisfying to both faculty and students.

2. Develop and maintain teaching excellence as indicated by the learning accomplishments of students and by such faculty characteristics as being well-prepared for all classes, being genuinely concerned for and able to communicate with the students, being available and willing to assist students outside of class, giving well thought out and fair examinations, and seeking and encouraging criticism from colleagues.

3. Continue to up-date and up-grade the undergraduate programs so that the graduates are prepared to begin professional careers in engineering. Indications of how relevant the programs are to the needs of the profession include: the number of students enrolled; the ability of graduates to obtain professional employment; the extent to which employers seek graduates; the interest in professional societies shown by the students and the graduates, and their qualifications to become registered engineers.

4. Achieve and maintain full accreditation by ECPD of all engineering curricula. This goal includes accreditation of the graduate programs under ECPD's new designation of advanced professional programs.

5. Expand the engineering design and development, research, and public service programs for outside agencies to involve more faculty members and participation of 5-10 students per faculty member; with expenditures of about $4,000,000 annually, of which more than $800,000 are provided by private industry and $400,000 from other non-federal sources.

6. Increase the full-time graduate student enrollment in every degree-granting department so that there are at least 3-5 full-time graduate students per full-time faculty member.

7. Expand and improve relations with Tennessee industry, the various departments of state government, and the municipalities of Tennessee so that faculty are deeply involved in the solution of technical problems of Tennessee's industry and Tennessee's governmental agencies. Continuing efforts on small-industries research, engineering extension services for all Tennessee industries, and cooperative projects with the various city governments of Tennessee and the operating departments of Tennessee government would indicate that this goal has been achieved.

8. Initiate in each department significant cooperative projects with industrial associations which build on the specialized interests and talents of the faculty. These projects should serve to build up "peaks of excellence" in the departments and should afford unusually attractive opportunities for education of engineering students. There should exist at least one such cooperative project for each curriculum area of specialization offered in the various departments. The Industrial Consortium for Polymer Research and Education serves as an example of the cooperative projects with industrial associations to be developed.

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

MEMPHIS STATE UNIVERSITY

PRESIDENT OF THE UNIVERSITY: Dr. Billy M. Jones

DIRECTOR OF THE PROJECT: Dr. John D. Jones

DESCRIPTION OF THE UNIVERSITY:

Memphis State University is a state supported university of approximately 22,000 headcount students. Located in the city of Memphis, Tennessee, population of approximately 750,000, the University was founded in 1912.

The University is primarily a commuter institution, with about 2,500 students living in dormitories or other university housing. The majority of students work while attending school. Of the 22,000 students, approximately 5,000 are graduate students. Eighty five percent of the student body come from within a fifty mile radius of the University.

Memphis State University is comprised of five undergraduate colleges, The School of Law, The Graduate School, and the Office of Public Service and Continuing Education. The undergraduate colleges are The College of Arts and Sciences, The College of Business Administration, The College of Education, The Herff College of Engineering, and The University College. There are six special programs: AFROTC, Audiology and Speech Pathology, City and Regional Planning, International Studies, Nursing, and Urban Studies. The Office of Public Service and Continuing Education coordinates off-campus degree credit courses in metropolitan Memphis and regional centers: CEU (Continuing Education Unit) credit through conferences, institutes, short courses, etc; and non-credit courses designed to provide increased opportunities for the people of this area to avail themselves of University facilities and services.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) To develop communication skills. | Grades in required English courses.<br>Essay type papers written by students in regular courses.<br>Result of credit by examination efforts.<br>Successes in reading courses.<br>Outcomes from the reading component of the education support program.<br>Grades in speech 1311-Public Speaking. |
| (2) To develop competencies in problem solving (Analytical and Synthesizing Skills) | Grades in course oriented toward case analysis.<br>Departmental research papers. |
| (3) To develop an academic competency in a major area of specialization. | Departmental comprehensive exams.<br>Grade point averages in major fields. |
| (4) To develop computation skills. | Evidence of satisfactory completion of required mathematic courses. |
| (5) To develop an understanding and appreciation of Aesthetics, Arts, Etc. | Number of students in attendance at cultural events.<br>Number of visitors at Chucalissa Museum.<br>Number of visitors to campus Art Gallery. |
| (6) To prepare for vocation. | Employment record of graduates.<br>Results of students success on professional licensing examinations.<br>Financial support for students in vocational programs from external sources (i.e. Tanner Scholarship in commercial music). |

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

THE COLLEGE OF PHARMACY
UNIVERSITY OF TENNESSEE CENTER FOR THE HEALTH SCIENCES

CHANCELLOR OF UTCHS: Dr. T. Albert Farmer

DIRECTOR OF THE PROJECT: Dr. T. Earle Bowen

NATURE AND SCOPE OF PROJECT: Dr. Michael R. Ryan

The University of Tennessee Center for the Health Sciences is composed of the Colleges of Medicine, Dentistry, Pharmacy, Nursing, Basic Medical Sciences, Community and Allied Health Professions and the Graduate School of Medical Sciences. Because of its unique position in relation to educational research and curriculum development activities, the College of Pharmacy was requested to represent the University of Tennessee Center for the Health Sciences on the Performance Funding Project.

The College of Pharmacy has been involved in a curriculum revision process which has had as its underlying objective to convert the educational methodology to competency based educational units. Competency based education appears to be the trend for pharmaceutical education. In addition, the college has been involved in several research projects which have had as their objectives "to measure the effects on professional behavior" of selected educational units. These units are concerned with drug toxicology, psychiatric consultation, cancer detection and referral, biopharmaceutics, therapeutics/disease processes and a number of other topics. The college's activities to a great extent paralleled the objectives of the Performance Funding Project.

It should be realized, however, that because only one college was involved, the pilot project was somewhat limited in scope. Nevertheless, some attention was given to developing methods which could be used for measuring goal attainment of other UTCHS educational units.

| COMPETENCY | INDICATOR OF PERFORMANCE |
|---|---|
| 1. A competent pharmacist has a knowledge of the mechanism of action of drugs, their dosage forms and combinations, their fate and disposition, and the factors which may influence their biological availability and activity. | Student demonstrates knowledge on appropriate written tests. Blue Ribbon Exam* |
| 2. A competent pharmacist is capable of compounding and dispensing appropriate drugs in pharmaceutically acceptable dosage forms. | Student prepares prescription medication in a laboratory situation. Under faculty supervision, student prepares and dispenses medication at actual practice sites. |
| 3. A competent pharmacist is able to evaluate the quality of drug products. | Student is required to gather information and make decision on the selection of one drug product over another. |
| 4. A competent pharmacist has a working knowledge of the physical and chemical characteristics of drug products. | Student demonstrates knowledge on appropriate written tests. Blue Ribbon Exam |
| 5. A competent pharmacist is able to communicate both orally and in writing with other health professionals on appropriate subjects. | Student communicates with other health professionals on practice sites. Students asked to gather information for other health professionals and prepare written reports. |
| 6. A competent pharmacist is able to communicate with patients on the proper use and storage of prescription and proprietary drug products. | Students will evaluate videotapes of patient interviews for appropriateness. Students will also be videotaped and evaluated with regard to their interview techniques. |
| 7. A competent pharmacist has a working knowledge of acute and chronic disease states and their management. | Students view videotapes of simulated patient/pharmacist interactions and are asked to identify disease and method of management. Blue Ribbon Exam |

*Exam described in project report to THEC

| COMPETENCY | INDICATOR OF PERFORMANCE |
|---|---|
| 8. A competent pharmacist is capable of obtaining an appropriate patient data base. | Students perform admission interview at one of UT facilities and procedure evaluated by faculty. |
| 9. A competent pharmacist has a knowledge of the adverse effects of drugs and common chemicals. He/she is able to anticipate and recognize adverse effects and recommend appropriate treatment. | Student demonstrates knowledge on appropriate written tests. Student demonstrates competency at actual practice sites. Blue Ribbon Exam |
| 10. A competent pharmacist is capable of applying a basic understanding of human behavior and demonstrates concern about people as individuals. | Student evaluates videotapes of patient interviews and videotapes of students during interview process evaluated. |
| 11. A competent pharmacist is able to evaluate pertinent professional and scientific literature. | Student asked to critique literature. Critique evaluated by piers and faculty. |
| 12. A competent pharmacist is able to effectively utilize existing health care and welfare systems. | Student functions in health care system and is able to describe in writing the various approaches to health care delivery. |
| 13. A competent pharmacist has a basic understanding of management principles. | Student demonstrates knowledge on appropriate written test and through the use of case studies. |
| 14. A competent pharmacist maintains a pharmacy practice within ethical and legal limitations. | Student demonstrates knowledge on appropriate written tests. Blue Ribbon Exam |
| 15. A competent pharmacist is a person who undertakes appropriate measures to maintain and develop his/her proficiencies. | Student participation in continuing education seminars upon graduation evaluated. |

Figure One. Competency Statements and Indicators of Performance for College of Pharmacy Students.

SUMMARY OF PERFORMANCE FUNDING PROJECT

AT

THE UNIVERSITY OF TENNESSEE CENTRAL ADMINISTRATION

PRESIDENT OF THE UNIVERSITY: Dr. Edward J. Boling

DIRECTOR OF THE PROJECT: Dr. Robert A. Levy

DESCRIPTION OF THE UNIVERSITY AND FUNCTION OF THE CENTRAL ADMINISTRATION:

The University of Tennessee is a statewide, multi-campus, land-grant, publicly-aided institution whose educational mission is accomplished via instruction, research, and public service activities. There are five primary campuses, each with a distinctive role and scope as follows:

UT at Chattanooga--urban location; local/regional scope; Fall semester 1976 enrollments were 6162 HC, 4755 FTE (5132 UG @ 74% full-time; 10% minority; 89% in-state; 87% commuter; ca. 40% on financial aid); 243 full-time faculty, of which ca. 70% hold doctorate.

UT, Knoxville--urban location; state/national scope; comprehensive offerings; Fall quarter 1976 enrollments were 29499 HC, 25883 FTE (22790 UG @ 84% full-time; 9% minority; 88% in-state; 64% commuter; ca. 25% on financial aid); 1394 full-time faculty, of which ca. 74% hold doctorate.

UT at Martin--rural location; local/regional scope; Fall quarter 1976 enrollments were 5082 HC, 4874 FTE (4725 UG @ 89% full-time; 14% minority; 94% in-state; 41% commuter; ca. 50% on financial aid); 221 full-time faculty, of which ca. 48% hold doctorate.

UT at Nashville--urban location; local/regional scope; almost solely evening programs; Fall quarter 1976 enrollments were 5616 HC, 2586 FTE (5104 UG @ 20% full-time; 17% minority; 95% in-state; 100% commuter; ca. 11% on financial aid); 116 full-time faculty, of which ca. 59% hold doctorate.

UT Center for the Health Sciences (Memphis)--urban location; state/national scope; comprehensive health education and research center (UG thru Professional & Graduate); Fall 1976 enrollments were 1979 HC, ca. 100% in-state; ca. 66% graduate/professional level.

The UT Central Administration has general responsibility for the overall operation of the University. Specific responsibilities include, but are not limited to, the following: enunciation of mission; encouragement of long-range planning and evaluation processes; coordination and representation of campus units, particularly with extra-University agencies. In all cases, non-centralized functions are carried out in consultation with the (semi-autonomous) campus units. University-wide planning and evaluation activities can be undertaken, as per the responsibilities of the central administration, only on the bases of accurate and comparable data pertaining to campus units; moreover, the efficacy of campus-based planning can only be assessed if accurate and comparable data are available.

## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

| GOALS | ASSOCIATED INDICATORS |
|---|---|
| (1) To provide for improved accuracy and comparability in academic program evaluation | 1973-77 headcount enrollments by level; degrees awarded by academic unit and by major<br><br>Fall 75 student credit hours and FTE faculty--<br>by level<br>by rank<br>by instructional medium<br>by academic unit<br><br>Fall 75 class credit hours and FTE faculty--<br>by level<br>by rank<br>by instructional medium<br>by academic unit<br><br>Fall 75 academic section assignments and FTE faculty--<br>by level<br>by rank<br>by academic unit<br><br>Fall 75 resource allocation and FTE faculty--<br>by dollars<br>by level<br>by SCH<br>by rank<br>by academic unit |
| (2) To provide a model methodology for systematic unit/programmatic review via a three-part collection of data: | |

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## INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS (contd.)

| GOALS | ASSOCIATED INDICATORS* |
|---|---|
| a. Resource allocation elements for unit/program designed to array data according to existing records-keeping procedures and according to unit application of resources | traditionally-used budget information--<br>I & DR data<br>space allocation<br>equipment<br>library shares<br><br>internal allocations by unit/program--<br>faculty time distribution<br>major/non-major student data |
| b. Resource needs-assessment for unit/program designed to identify improvement areas and to suggest current inadequacies | statement of unit mission--<br>role<br>scope<br>specific resource needs |
| c. Unit/program outputs-assessment designed to display audience-related and type-related outputs according to output-groups | unit faculty outputs--[see also (1) and (2)a]<br>student majors' perceptions<br>productivity measures |

*As noted in Project Report sent to THEC, specific indicators listed for (2) are suggested baseline indicators; the four campus academic units selected will reach consensus on indicators and instruments as being most appropriate for the campuses, programs, and discipline. Criteria selection, weightings and rankings of indicators will be tied to specific programs; however, all four units will agree to indicators' appropriateness. Actial distribution of instruments will be made where possible; selection process, weighting, and referencing remain the Project's principal goals.

INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS (contd.)

| GOALS | ASSOCIATED INDICATORS* |
|---|---|
| | qualitative measures<br>eminence measures<br>MBO, peer, & self evaluations<br><br>extra-departmental outputs--<br>non-unit faculty questionnaire (local)<br>modified IGI<br>student evaluation survey (non-majors)<br><br>student-major outputs--[from the following]<br>modified CGS questionnaire<br>NCHEMS student outcomes questionnaire<br>modified Davis student survey questionnaire<br>modified student experience of college questionnaire<br>SAT/UAP<br>SIR<br>GRE<br>COMP |

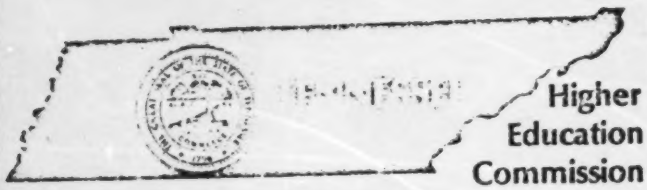
*See previous page note.

APPENDIX E

PROJECT BROCHURE

# Performance Funding Project

# 1976-1978




## THE PERFORMANCE FUNDING PROJECT

Objectivity, equity, simplicity—these are strengths frequently attributed to the current appropriations formula utilized to build the budget request for Tennessee higher education and to establish a rational basis for allocation of funds that become available. The principle of equivalent support for equivalent programs is widely understood as the underlying rationale for the funding formula. It recognizes not only the number of students enrolled but the pattern of programs that mark the educational identity of each institution, from community college to research university.

Though an improvement upon earlier allocation models which depended heavily on analysis of "per student" allocations, the current formula is not without imperfection. A prominent criticism of the formula is that it says little about educational "quality." It is also accused of having a homogenizing effect, of "averaging out" institutional diversity, the future utility of the formula in times of enrollment stabilization or decline is also a matter of signal concern.

In response to these concerns from the higher education community and to the increased interest amount governmental and legislative officers for more effective budgeting procedures, THEC decided to undertake a study of funding procedures and policy. This study is currently being underwritten by a two-year grant from the Fund for the Improvement of Postsecondary Education.

To completely revise the current funding formula is not the intent of the Performance Funding Project. *The major purpose of the project is to explore the feasibility of allocating some portion of state funds on a performance criterion (how effective), as compared to the current allocation on activity criterion (how much).* Thus it is assumed that major funds would continue to be allocated on the basis of enrollment by program field and level, but that complementary features built into the formula might promote institutional diversity and performance improvement.

The long range intent of the Performance Funding Project is not to support innovative instructional approaches nor new program services. It is designed to promote the assessment of instructional performance, regardless of instructional delivery or strategy.

As further expression of project intent, activities are designed (1) to examine the feasibility of developing instructional performance indicators at each institution, indicators that might reflect institutional identity and provide some evidence, however imperfect, of instructional effectiveness; (2) to explore the feasibility of developing formula funding policies that would promote performance improvement and encourage institutional diversity.

A broad base of involvement has been planned. Composed of ten prominent and experienced professionals, a national advisory panel provides a national perspective for the project. Established in 1974-75 to guide development of the project, a statewide advisory committee furnishes counsel on planning and execution of the project. To call on the imagination and initiative of institutional staffs and faculties, pilot projects have been funded at selected institutions across the state.

During the 1975-76 year, each institution was invited to submit a pilot proposal for the development of instructional performance indicators related to its role and mission. These pilot efforts will span two years—the first year (1976-77) for development of indicators at each institution and the second year (1977-78) to obtain data on the indicators and to explore formula funding policies that might promote and reward performance. Grants from an anonymous donor and the W. K. Kellogg Foundation permit the funding of a pilot effort at ten institutions.

Pilot projects have also been funded allowing the staffs of both governing boards to explore the question of performance funding on a system-wide basis.

In summary, the anticipated outcomes of the Performance Funding Project include: (1) the development of instructional performance indicators at each institution consistent with its role and mission; and (2) the use of these indicators as a basis for revising formula funding policies to reward performance.

formidable. Though both purpose and process are complex, and potentially controversial, the project offers a timely opportunity for the Tennessee higher education community to render leadership on an issue of state and national import.

## NATIONAL ADVISORY PANEL

Dr. John Folger
Director, Project on Evaluation of Statewide Planning in Postsecondary Education
Education Commission of the States

Dr. James L. Miller, Jr.
Center for the Study of Higher Education
University of Michigan

Dr. David Brown
Vice President for Academic Affairs
Miami University of Ohio

Dr. Gordon Davies
Associate Director
Virginia State Council of Higher Education

Dr. Sidney S. Micek
Director, Project on Outcomes of Postsecondary Education
National Center for Higher Education Management Systems at WICHE

Dr. Dennis Gooler
Educational Policy Research Center
Syracuse University

Dr. Richard Burns
Acting Vice-President for Higher Education
Educational Testing Service

Dr. Ervin L. Harlacher
Chancellor
Metropolitan Community Colleges of Kansas City

Dr. Richard Ferguson
Vice President for Research
The American College Testing Program

Dr. Harold Enarson
President
Ohio State University

## QUESTION AND ANSWERS ON THE PERFORMANCE FUNDING PROJECT

(1) *Question:* What is the major purpose of this project? What is the expected outcome?

*Answer:* The major purpose of the project is to explore the feasibility of allocating some portion of state funds to institutions on a performance effectiveness criterion. Thus, if the project is successfully executed, the appropriations formula would eventually incorporate a feature whereby some funds would be appropriated on a performance basis as well as an enrollment basis.

(2) *Question:* Will this project result in the allocation of more funds to higher education?

*Answer:* The total amount of funds allocated to higher education each year is a function of higher education's needs, the state revenue picture, and the governor's legislature's assessment of priorities. No one really knows whether this project will bring additional funds. As with the current formula, any revised version of the formula will be used to establish some rational basis for allocation of whatever funds become available.

(3) *Question:* What's the incentive for this effort? Why is THEC sponsoring such a project at this time?

*Answer:* The project is consistent with the Commission's statutory charge to coordinate higher education in Tennessee. Specifically, the project is consistent with the Commission's responsibility to develop formulas for the equitable distribution of funds to institutions. Moreover, the project is consistent with the Commission's responsibility to develop and implement a master plan for higher education. Finally, the project is consistent with the Commission's responsibility to develop and implement a program of institutional effectiveness. Thus, the project is consistent with the Commission's statutory charge. Moreover

## TENNESSEE HIGHER EDUCATION COMMISSION

Mr. Glenn Rainey, Chairman

Dr. Wayne Brown, Executive Director
Project Staff:

Dr. Grady Bogue, Project Director and Associate Director for Academic Affairs

Dr. John Harris, Assistant Director for Academic Affairs

Mr. William Troutt, Assistant Project Director

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State Board of Regents

Dr. Jerry Boone, Vice President for Academic Affairs, Memphis State University, was erroneously omitted from the listing of members of the State Advisory Committee.

# APPENDIX F

## LETTERS FROM PROJECT EVALUATORS

THE UNIVERSITY OF ARIZONA
TUCSON, ARIZONA ~~85721~~ 85719
1415 N. Fremont
COLLEGE OF EDUCATION
PHONE (602) 884-2283

August 24, 1977

Dr. Grady Bogue
Associate Director, Academic Affairs
Tennessee Higher Education Commission
Nashville, Tennessee 37219

Dear Dr. Bogue:

Serving as a consultant to the Performance Funding Project during the past year has been a fascinating experience and I feel that my time has been spent in an extremely useful way. You have made it clear that you wanted consultation and evaluation, both of the institutional projects and of the overall system-wide administration of the project. This openess to suggestion and complete willingness to consider varied ideas bodes well for the project.

It has been helpful during the year to be involved in the evaluation in different ways. The first meeting with all of the Project Directors provided a good opportunity to get acquainted with them, learn some of the differences between the institutions, and to understand their aspirations for their individual institutional participation in the project. The Directors are an excellent group and have done top-flight work, sometimes in difficult situations. In addition, the separate meeting with the key staff members from the two multi-campus systems was most insightful. However, the almost two weeks which I spent visiting each of the campus and system projects was most beneficial. Reading the proposals and the reports can be helpful, but was greatly enhanced by the institutional visits.

Of course, the reason for my own deep interest in the project is the truly revolutionary idea that we could actually test ways to budget funds for state institutions, in ways other than enrollments!! And, in addition, it is intriguing to conceive of most of the institutions of higher education in a state system participating in a project designed to improve learning opportunities for students, and actually to measure the results to see how well they are doing!! Your success in putting the project together in the first place, and getting support for its various facets, was an achievement of some magnitude. Then,

getting two multi-campus systems to cooperate and allow the project to operate in their institutions was a breakthrough. Finally, I commend the way that the large proportion of the institutions of both systems came to participate. Getting it off the ground, in a positive way, took some doing.

The project has several strengths and shows major promise. First, there is great diversity in the various campus projects. When all of the different projects are considered together and compared regarding their objectives, there is considerable cohesion.

The various projects in different types of institutions and widely varied programs, provide measures of performance for all types of programs and for differing institutions with quite differing student bodies. They range from one which is basically continuing education students, to liberal arts colleges with comprehensive professional degree programs, to research/professional universities. One of the significant findings of the past year seems to me to be that there is a great deal of commonality in goals and in proposed evaluation instruments in widely differing institutions, especially in the area of general education and degree requirements.

My suggestion, that you develop a framework which will show the overall coverage of the various projects, will be helpful and provide clear evidence of what you have secured beyond the general education area. This framework can be seen as a cube, with (1) types of institutions on one axis, (2) types of students on the second, and (3) types of objectives on the third.

With regard to the various performance measures which will be used on the various campuses, two items are significant and clear at this point. There will be enough multiple use of comparable instruments on differing campuses to be useful, and at the same time, there will be several institutions using widely differing instruments and techniques. For example, one institution will be trying out the "Board of Visitors" to measure effective performance in meeting their objectives, and a number of institutions will be using common measures of basic skills in the use of the English language. And this last is particularly useful, since there are objectives at several campuses which are quite similar.

As one of the presidents of a participating institution said, this is a "high risk" project. Institutional concerns regarding autonomy are always present. Thus, I commend the low profile which you have taken regarding the publicity about the project. This is in contrast to many educational projects of this type which blow their horn far too early. It is a strength of the project that claims regarding its results have been delayed and will depend upon the actual data secured. On most of the campuses, it appears that solid work has been done and usable evidence will be secured during the coming year.

Overall, this is an absolutely unique project in the United States Higher Education. It involves instructional efficiency and budgeting, and is, as a result, a very "high risk" educational project. You are doing an excellent job of conducting it, and it has great potential as a result.

Sincerely yours,

Fred F. Harcleroad
Professor of Higher Education

FFH:cb

INSTITUTE OF HIGHER EDUCATION

UNIVERSITY OF GEORGIA

August 22, 1977

Dr. E. Grady Bogue
Associate Director
for Academic Affairs
Tennessee Higher Education Commission
501 Union Building, Suite 300
Nashville, Tennessee 37219

Dear Grady:

This letter summarizes my involvement in the THEC Performance Funding Project for 1976-77 and identifies the major strengths of the various pilot projects as I have been able to observe them during the past year.

My role as a project consultant has been primarily that of an outside observer who could follow the progress of the 11 pilot projects in their efforts to identify performance indicators that might serve useful funding purposes. The intent has been that of a friendly critic who could offer formative reactions and suggestions as opposed to summative evaluations and judgements. The emphasis has been upon recommendations and consultative assistance that could be offered to project directors and steering committees without the entanglements of authoritative or administrative lines of communication.

During the year I believe that good working relations have been established with the 11 project directors and other project personnel who have responsibility for implementing the various project objectives. The development of this working relationship has been professionally gratifying, and all contacts with the project directors have been quite enjoyable. There has been both the freedom and the opportunity to review the operational details of the 11 pilot projects and to make numerous suggestions. Not once have I sensed that my suggestions were unwanted or unappreciated.

My impressions of the overall project and its progress during the past year are most favorable. There is excellant leadership and administrative guidance provided from

the central office of the Tennessee Higher Education Commission, obvious interest and support from the University of Tennessee for the five UT campuses involved, and continuing interest and support from the Tennessee Board of Regents for the six state universities or community colleges that are participating.

Specific strengths of the various pilot projects may be identified as:

1. Their commendable diversity and the overall opportunities for learning. The 11 pilot projects represent important sectors of higher education within the State and permit a good variety of exploratory approaches to the identification and selection of performance indicators. The coherence of the overall project design should enable the different project directors to learn a great deal from the experiences, both successes and failures, of each other.

2. The quality of project personnel. There is no doubt that energetic, highly competent personnel have been selected for the various projects and that the directors are actively involved in their respective projects. The efforts of the project directors to communicate the purposes of the Performance Funding Project to their colleagues is especially impressive.

3. The extent of the groundwork laid. Despite slow starts in several cases and disruptions in others, the 11 projects now appear in good condition to meet the objectives of the various proposals. There is no doubt that a great deal of work has been accomplished during the past year and that the directors now have a firm grasp on the details and difficulties of their various projects.

4. Established lines of communication. Because of the exploratory nature of the first year's work and the diversity of professional backgrounds involved in the projects, a substantial part of the past year has been spent in acquiring a common vocabulary and establishing open lines of communication. The progress made by the project directors in this respect must surely be a strength of the overall project.

5. The continued enthusiasm for the project. There seems to be little evidence of a declining interest in or enthusiasm for the overall project. Several changes in project personnel have been made without disruption of the projects and one or two changes are obviously anticipated for the coming year. Each change appears to have occurred without lessening the enthusiasm and general support for the specific projects.

In closing, the major limitation of the various projects might be the political climate that prevails on some of the campuses. This is clearly a limitation beyond the scope of the overall project, however, and need not jeopardize the purposes and objectives of the projects as they now stand. Political implications may be a factor to the extent that they produce anticipatory responses on the part of the project directors and their steering committees. Given the highly interesting and promising nature of the overall project, it would be tragic if political anticipations inhibited the project's continued progress.

Sincerely,

Cameron

Cameron Fincher
Director

CF/kjb